



Honoring Loved Ones with a Gift from an Inheritance

Losing someone you love is an extremely painful ordeal. When this happens, you may feel the need to do something in honor of the special person you lost. As you cope with this difficult loss, there are different ways to pay tribute to loved ones – through symbolic gestures as well as through acts of generosity.

One of these generous acts is to make a gift from an inheritance. Whether inspired by a wish expressed by the deceased during their lifetime or simply on the heir's initiative, a gift to an organization such as the American Hospital of Paris is a way to honor the deceased's memory.

Giving out of an inheritance (*le don sur succession*) is a little-known legal mechanism by which an heir can donate a part of their inheritance to a recognized organization of public benefit such as our Hospital. The heir's gift will reduce the amount of inheritance tax that they owe.

The mechanism is defined in Article 788 III of the French Tax Code, which says any heir who makes a gift from an

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inheritance (*don sur succession*) to a recognized organization of public benefit can reduce their taxable inheritance by the donated amount.

For example, if an heir receives 10 parts as their share of an estate, and they donate 2, then they are only taxed on 8. The donated amount is not taxed. Inheritance tax is payable by heirs within six months of the date of death, but sometimes inherited assets, such as real estate, take longer to sell. By reducing the amount of tax due, donating the asset could help avoid late payment interest.



Talk to an Expert

Pierre-Henri Ollier holds a degree in notary law and first worked in a notarial office before joining a major French foundation, where he worked for six years. During that time, on a daily basis, he assisted donors and testators with their planned giving needs. Pierre-Henri has joined the American Hospital of Paris as a philanthropy specialist to provide the Hospital's donors with the expert information and advice they need.

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The donation must be for full ownership and take place within six months of the date of death. After that, unfortunately, it is no longer possible to take advantage of the mechanism. The gift can apply to any type of asset: a sum of money, furniture, a particular object or real estate. The only condition is that the gift come from the deceased person's estate. The organization receiving the gift will issue a special receipt that will be sent to the French notary executing the will and attached to the inheritance statement to the tax authorities.

It is not possible to simultaneously claim an income tax or a real estate wealth tax reduction in addition to the inheritance tax deduction for the same gift. Donors must choose which tax incentive to use. If six months have already passed since the death of the person from whom the heir has inherited, it is too late to make a gift out of the inheritance.

Giving out of an inheritance is a way to honor a loved one but can also be a way to carry out a wish expressed by the deceased, even if it was not recorded on paper.

Fixing a Missed Giving Opportunity

After the death of an aunt, a donor came to us to say that on several occasions her aunt had spoken of wanting to do something for the American Hospital of Paris, which had cared for her family for many years. However, the aunt had never made a testament or left any written record of her wish. Thanks to the mechanism of giving out of an inheritance, our donor was able to gift some of her aunt's jewelry to the American Hospital of Paris. The receipt from her donation justified a reduction of the tax owed on her inheritance. The American Hospital of Paris auctioned off the jewelry and used the proceeds to renovate one of its patient rooms, where a memorial plaque is displayed.



EXAMPLE

A young woman receives an inheritance of 100 from her aunt. In honor of her memory, she wants to give 30 to the American Hospital of Paris.

