

Wills, Probate and More



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Gifts and Inheritance Tax

If the deceased made gifts of money, property or other assets these could create a liability to inheritance tax (IHT). You will therefore need to obtain information about the gifts made by the deceased.

The rules relating to gifts are rather complicated. If you do not want to get to grips with tax law, then the only safe course of action is probably to list all gifts made by the deceased in the 7 years prior to death totalling over £3,000 in value in any one year and leave it to your solicitor to decide which gifts are relevant.

Note that for these purposes the word 'gifts' is very wide and can include many transactions that you might not ordinarily think of as gifts.

For each gift your list should include details of the date on which the gift was made, the nature of the gift (e.g. whether it was cash, shares, etc) the value of the gift, the name and address of the recipient, and his relationship to the deceased.

To obtain details of gifts you will need to check the papers of the deceased, make enquiries of his family and possibly friends, and his accountant and solicitors if applicable. Most estates will not have gift issues to deal with, certainly not complicated ones, and you will either be spared the task of compiling such a list, or the task will be straightforward.

If you do have to compile a list and it is obvious that it includes some difficult items (e.g. re-arrangement of shares) you will need to ensure that these are drawn to the attention of your solicitor and that either he or an accountant is responsible for providing a valuation.

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Disclaimer

All explanations of the law and legal practice given in this document are intended as no more than outlines for the prospective legal client. They do not replace the need to take professional legal advice. It is recommended that professional legal advice is taken by anyone thinking about acting on any of the issues mentioned in this document.

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