



What should you expect to pay for advice on reducing Inheritance Tax

Note that we are considering saving Inheritance Tax purely within the context of probate and estate administration.

Inheritance Tax

Scenario one: An Estate of low-value and not subject to Inheritance Tax.

In this case strictly speaking there is no inheritance tax to be saved as no liability to Inheritance Tax has been created. You should not expect to pay much (if anything at all) to be advised that it is not worth considering any Inheritance Tax planning in this situation.

In some cases the estate may be payable to individuals who are wealthy. In such cases it may be worthwhile those individuals considering foregoing their inheritance by diverting it to their children (possibly using a Deed of Variation). By skipping a generation in this way, the wealthy individuals will avoid the tax that would be levied on the inheritance if it were to be comprised in their own estate and taxed as part of their own estate on death.

Note that this tax planning arrangement is really a matter for the individuals who stand to inherit rather than the executors. (Unless they happen to be the same people).

This arrangement is not rocket science and the advice that it is a possibility should not cost, or not cost very much.

The implementation of the arrangement may be another matter.

If it is a straightforward case of A and B saying that their inheritance is to be given to C and D, the drafting of the document (or documents) to arrange it will be relatively straightforward and might not take even an hour, depending to some extent on the assets to be transferred. Cash will require only a relatively simple Deed of Variation; a house (for example) may require a transfer Deed as well.

If A and B do not wish to make an outright gift to C and D, and instead wish to transfer their inheritance to a trust for the benefit of C and D and others, the drafting could be complicated and take several hours depending on what is required.

Scenario two: An Estate of high-value subject to Inheritance Tax.

If the estate is that of a man or woman who was predeceased by a wife, husband or civil partner, then the impact of Inheritance Tax will be mitigated (and probably in most cases entirely removed) by the use of the Transferable Nil Rate Band. How difficult is this and how much should you expect to pay a solicitor to arrange it? Refer to the relevant section of "Probate made Simple" for a discussion of the issue.

In cases where there is no Transferable Nil-Rate Band to exploit, the opportunities for Inheritance Tax mitigation are probably few and far between, and may amount to no more than claiming any available allowances and reliefs.

You could forego all or part of your inheritance and use a Deed of Variation to give it to a Charity. This should be very inexpensive to arrange – but not many individuals would be minded to go down that worthy route!

Other than this, if the deceased was survived by a spouse or civil partner there may be ways to exploit the situation to make a significant tax saving. But if these ways are available, however inexpensive the initial advice may be, the implementation will probably be costly and may involve recourse to a Counsel's advice and drafting services.

If you found this download useful and have not yet bought “Probate Made Simple”, please visit www.willsprobateandmore.co.uk where you can purchase it!

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.

Wills Probate and More Ltd and the author do not accept responsibility for loss occasioned to any person acting, or failing to act, as a result of the content of this document.

For further information contact:

Wills Probate and More, 83 Birkby Lodge Road, Birkby, Huddersfield HD2 2BL
Tel: 01484 430834 (land line)
Tel: 07773 890979 (Mobile)
Email: enquiries@willsprobateandmore.co.uk
Website: www.willsprobateandmore.co.uk

Wills, Probate and More is a trading name of Wills, Probate and More Ltd reg co no: 6792641 Wills, Probate & More Ltd is a Member of the Institute of Professional Will writers (IPW) and complies with the IPW Code of Practice.

© Andrew Komarnyckyj 2010