

# Wills and Inheritance Tax – some really good news

by Declan Liddy, Probate manager, **FitzPatricks** solicitors

For many years, avoiding Inheritance Tax (IHT) has been a high priority for all our clients. Prompted by the press, clients would invest in complex wills with discretionary trusts, so that spouses (which includes civil partners) made use of their Nil Rate Bands (NRBs) to save up to £120,000 of tax for their families.

These wills were expensive and there was no guarantee that discretionary trust schemes would survive for long. They have not survived. What once were 'Schemes' are now called 'Scams' and they are no longer necessary anyway.

### Since 9th October:

1. Surviving spouses can take up any unused NRB from the estate of a spouse who died, however long ago – but before 9th October 2007 – meaning less (or no) tax to pay on the second death.

2. If both spouses are still living, lifetime gifts and transfers on death are now able to total £600,000 on the second death (increasing to £700,000 by 2010) before IHT is payable. This will help those with wealth mainly tied up in a family home, and those who had not been rich enough to invest in tax planning. There is no need now to tie up funds on the first death, so you both have greater financial security.

3. Wills do not need to be as long or complicated as they were and they are therefore cheaper to prepare.

### What should you do now?

For IHT purposes, not a lot; but if you have not reviewed your wills recently and there have been changes in family or financial circumstances, now is the time to update them. Tax efficient wills have never been such good value.

- If you have tax saving discretionary trusts in your wills, they may well cause unnecessary trouble and expense. You might want to cut them out and have something simpler.


- If you are a survivor and think you could benefit from the new

relaxed tax regime, you will need to ensure the papers relating to the estate of your deceased spouse are available, because they will be required. In specific cases, e.g. where a survivor has remarried, the rules are technical and you will need clear advice.

- There may still be room for saving IHT by gifts during your lifetime – but can the money be spared?

Sound advice is to see your solicitor soon and sort things out.

*For more information and advice on Wills, Trusts or Probate, contact FitzPatricks solicitors tel: 01444 870123. [www.fitzpatrickslaw.co.uk](http://www.fitzpatrickslaw.co.uk)*



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