



Estate Planning

INHERITANCE TAX

Inheritance Tax (IHT) is presently payable on any Estate exceeding £325,000 in value. Your Estate includes any assets you own at your death including your half share of any joint assets. Assets left to your spouse or civil partner on death are always free of tax unless your spouse has a foreign domicile. In April 2017 the government introduced an additional exemption: "The Residence Nil Rate Band". This exemption is available if you are leaving your home to direct descendants. The allowance is currently £150,000 per person and will increase as follows –

In the tax year 2020/21 to £175,000

For subsequent years, the maximum additional exemption will increase in line with inflation.

To mitigate any tax payable you may make the following gifts:

Lifetime Gifts

Exemptions from tax – the following gifts are exempt from IHT:

1. Gifts made between spouses.
2. Annual allowance of £3,000 per tax year. An unused allowance can be carried forward for one year only.
3. Small gifts allowance of £250 per donee per tax year. The number of donees is unlimited, but cannot include recipients of the annual allowance.
4. Normal expenditure out of income. You may give away any surplus income provided it does not affect your usual standard of living and there is some element of regularity in the payments
5. Gifts on marriage:
 - to children £5,000
 - to grandchildren £2,500
 - to others £1,000
6. Gifts to charities

Wills & Trusts Services

- Wills & Estate Planning
- Lasting Powers of Attorney & Registration of Enduring Powers of Attorney
- Trusts
- Deeds of Variation
- Probate & Administration of Estates Service
- Court of Protection applications

For further information on our Wills & Trusts services please contact:

Rebecca Stringfellow

E: probs@dootsons.co.uk

T: 01925 765212

www.dootsons.co.uk

Offices

Leigh
Culcheth
Newton



Society of Trust and Estate Practitioners

STEP members

Rebecca Stringfellow



Estate Planning continued

Larger gifts

If a gift does not qualify as an exempt gift (see above) it may be a Potentially Exempt Transfer (PET). This means that although there is no IHT immediately payable when the gift is made, the person making it has to survive the date of gift for a period of 7 years before it becomes exempt from IHT.

Examples of PETs are:

a direct gift to an individual(s)

gifts into certain types of trust

Note: The reservation of benefit rule:

In order for a gift to be effective for IHT purposes you must not retain any Benefit in that gift e.g. if you give your property but still continue to live in it will still be treated as owing if for IHT purposes

Other services Dootsons can help you with

- Family
- Mediation
- Residential Conveyancing
- Employment
- Litigation
- Commercial

For further information on our Wills & Trusts Services please contact:

E: probs@dootsons.co.uk
T: 01925 765212
www.dootsons.co.uk

Offices
Leigh
Culcheth
Newton



STEP members
Rebecca Stringfellow