



IHT – planning points post 5 April 2008

Updated June 2008

We have highlighted below a number of estate planning issues that you may want to review, now that a new tax year is underway.

Transferable nil rate band

It is now possible for married couples and civil partners to pass any unused proportion of the nil rate band on a first death to the surviving partner. When the second partner dies their estate can claim the additional allowance.

The nil rate band is the amount of chargeable assets that you can transfer during your life or when you die, without paying inheritance tax. Currently this is set at £312,000.

An important point for estate management post the second death is that a formal claim for the unused proportion of the first death nil rate band, must be made within 2 years of the second death. The transfer is not automatically given.

The future for will trusts

The following strategies may still be of value:

1. If assets are likely to increase in value faster than the annual increase in the nil rate band there may be an advantage in transferring the assets into a discretionary trust on the first death.
2. In certain circumstances it may be possible to cater for the needs of children using discretionary trusts.
3. Taxpayers who hold assets that would qualify for business or agricultural property relief could consider leaving these assets to a discretionary trust. This would protect beneficiaries whose estates may not be able to claim continuing relief on the second death.

Review your will now!

There is no doubt that changes to inheritance tax in recent years have radically altered the impact of inheritance tax. If you have not reviewed your will recently, now may be the time to act.

Please call me if you have any queries.

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