

PROTECTING THE FINANCIAL FUTURE OF DEPENDENTS

There is no escape from the current environment of economic uncertainty. The economy is slowing – some even say we are going into recession, the housing market suppressed and global economy in turmoil. No surprise therefore, that people are planning now to ensure that their estate is secure upon death.

Alistair Darling's pre-budget review in October last year scrapped taper relief for Capital Gains Tax and introduced a flat rate of 18%. This means an 80% increase for business owners who had built up their company over a number of years to make full use of the Capital Gains Tax relief previously allowing them a 10% rate. Needless to say this caused outrage in the business community and led to a u-turn announced to Parliament on 24 January this year, when Alistair Darling announced that he was introducing a special 10% tax rate for the first £1m of qualifying gains. Dubbed a "humiliating retreat" by Shadow Chancellor George Osborne, economic uncertainty will have been fuelled further and it is more difficult for those planning their withdrawal from a business they have built up over the years.

Better news is that the pre-budget report also looked to give married couples a nil-rate inheritance tax band of £600,000, and, in a falling housing market, those who have had properties valued for inheritance tax purposes can ask for any inheritance tax bill to be retrospectively reduced if, within four years of the death of a property owner, a property is sold for a lower price than the valuation on which the tax bill was based.

Reporting on this however, has not been entirely accurate and uncertainty around the issue remains, so it is now more vital than ever to take advice to protect the future of financial assets.

A properly drafted Will with effective inheritance tax planning can help people to protect the financial future of their dependents, mitigating tax upon death where possible.

For expert advice on wills, probate, trusts and inheritance tax planning, contact Jonathan Brayshaw at Watson Esam Solicitors on 0114 275 3350.