

Inheritance Tax Rules Change

Higher Taxes on Families?

Changes to the rules on Inheritance Tax were in the small print of the Chancellor's Budget. One of the changes increases the amount a person can leave, without there being any Inheritance Tax, to £325,000.00 over the next four years. Whilst this is undoubtedly a good move for most families, it is unlikely to keep pace with house price inflation. There are steps families can take to make use of their exemptions and allowances, especially by having tax planning Wills created.

However, other small print in the Budget will affect a great deal more families if the proposals are carried through "The Chancellor is proposing that many family arrangements such as leaving your wealth to your children at 25, rather than 18, will suffer higher Inheritance Tax that at present". Specialist Wills and Trust Solicitor, Sarah Noton, of Swayne Johnson Solicitors, Denbigh says "It will mean that existing Wills should be reviewed and at the same time it is a good opportunity to include the tax planning to make the most of your existing allowances. However, with the detailed rules not available until the Finance Act is published (usually in the summer) it will be useful to wait until then to take action".

"Clients will have until April 2008 to change existing arrangements, if necessary.

It is hoped that the Government will reconsider, and a great deal of pressure will be brought to bear on them by professional organisations such as The Law Society, The Society of Trust & Estate Practitioners and Solicitors for the Elderly. In the meantime, we are advising our Clients to wait until the rules are clear so that we can advise them as to their own particular circumstances."