

Welcome to our bi-monthly newsletter - This issue looks at the recently revealed changes in probate fees, an Inheritance Tax review, civil partnerships being made available to mixed-sex couples and lastly, the importance of keeping your Will safe.



## Changes in probate fees announced by the government

On 5<sup>th</sup> November 2018, Parliamentary Under Secretary of State for the Ministry of Justice, Lucy Frazer QC MP, revealed an update on probate fees. It was announced that new legislation to implement a new banded structure of fees for a Grant of Probate (also known as Grant of Representation) has been presented before Parliament. If the proposal is passed by the government, it will allow people to apply for a Grant of Probate online, provide support for those who do not have the skills to apply digitally, result in changes to the current flat fee for obtaining a Grant of Probate and change the current estate value threshold to increase from £5,000 to £50,000.

In February 2017, the government announced a plan to introduce tiered fees for obtaining a Grant of Probate which would be based on the estate value. There were a number of concerns that this would be unfair, as probate fees would not be relative to the cost of the work involved. The latest announcement recognises these concerns and the probate fees have now been revised so that they will never cost more than 0.5% of the estate value.

This announcement reveals that raising the estate value threshold from £5,000 to £50,000 would annually prevent around 25,000 estates from being liable to probate fees. The proposal suggests that approximately 80% of estates will pay £750 or less in probate fees. Currently, the value of the deceased's estate is irrelevant, and individuals pay a flat fee of £215, whilst professional bodies are charged £155 for probate applications. However, the new, banded fees will start from £250 and may reach a maximum of £6,000. The government announced that any income generated from probate fees will be spent on "funding an effective, modern courts and tribunals service."

The new system appears to be making changes in order to keep up with the digital society of today. Lucy Frazer QC MP announced that members of the public will soon be able to apply for a Grant of Probate online. However, they have recognised that not all applicants will have the skills needed to make a digital application and plan to provide support. The aim is to make it easier for individuals to make applications themselves, avoiding unnecessary legal charges for a solicitor to complete on their behalf. It is expected that this proposed new system will come into force from April 2019.

**Don't hesitate to get in touch for more information on the changes to probate fees.**



## The review to simplify Inheritance Tax

The Office of Tax Simplification (OTS) has recently released their first Inheritance Tax review report. This first stage of the report provides an overview of the tax and "sets out recommendations on administrative issues". The review on Inheritance Tax was carried out after the Chancellor of the Exchequer requested the review at the beginning of the year. The OTS's primary aim was to provide recommendations to simplify Inheritance Tax from an administrative and technical standpoint. As part of the review, the OTS called for people to share their personal experiences and perceptions of Inheritance Tax. More than 3,500 people shared their views, which was a much higher response rate than in previous tax reviews. This stresses the need for the public consultation and, in addition, the OTS gathered evidence from professional advisers, representative bodies and academics, as well as setting up a Consultative Committee for advice.

The survey results revealed that the public found administering an estate to be a timely process, with 38% of respondents (who didn't use an adviser) stating that they spent more than 50 hours on estate administration. Furthermore, the responses revealed that the processes of understanding and completing the relevant forms, and obtaining probate were most commonly cited as the most time-consuming.

Many people raised concerns about how Inheritance Tax returns must be submitted, even when there is no tax to pay. In the UK, only 5% of estates are subject to Inheritance Tax upon death, which accounts for fewer than 25,000 estates. However, 65% of respondents (who didn't use an adviser) answered that they "still had to provide significant amounts of information." Additionally, 275,000 Inheritance Tax forms were completed in the 2015-16 tax year, even though Inheritance Tax was only payable on 24,500 estates.

The key recommendation from the report states that "The government should implement a fully integrated digital system for Inheritance Tax, ideally including the ability to complete and submit a probate application." Although, the OTS recognises that this would not be a quick, easy or cheap task to accomplish.

**If you have any questions regarding Inheritance Tax, contact us using the details overleaf.**



**Mixed-sex  
couples can  
now enter  
into a civil  
partnership**

## **Civil partnerships are now available to mixed-sex couples**

Theresa May has taken a Bill through parliament that will mean all couples in England and Wales will be able to choose to enter into a civil partnership, instead of getting married. Currently, the law allows same-sex couples to either marry or enter into a civil partnership but mixed-sex couples can only choose to marry.

Civil partners benefit from a legally recognised relationship which includes many of the same rights as married couples with regards to inheritance, tax benefits, social security and pensions. However, they avoid the religious connotations of marriage and could be a popular option for those who believe that marriage is an age-old institution. The process of getting married varies from that of forming a civil partnership. Firstly, no ceremony is required like in a traditional marriage but both parties must sign a civil partnership document in front of a registrar and two witnesses. Secondly, vows do not need to be exchanged and the father is not required to 'give away' his daughter. In addition, marriage certificates only include the fathers' names of the parties getting married but on a civil partnership certificate, both parents of the couple are named. Civil partners are also not allowed to refer to themselves as 'husband', 'wife' or 'married' but would instead call themselves 'civil partners'.

Without a valid Will, your estate would be deemed intestate and your assets would be distributed following the rules of intestacy. In England and Wales, that would mean that your husband, wife or civil partner would keep all of your assets (including any property) up to the value of £250,000. In addition, they would be entitled to all of your personal possessions, no matter what their value. If the estate is worth more than £250,000, anything above this amount would be divided in half between the spouse or civil partner and the deceased's surviving children. If their child had predeceased, their children would inherit in their place.

If you do have a valid Will, your estate will be administered in line with the wishes you've left in your Will and the Executor you've appointed is legally and financially responsible for the correct distribution of your estate. However, if you were one half of a cohabiting couple and you were to die without a Will, your partner would not receive any of your assets. Instead, your estate would be distributed as per the rules of intestacy. Where the deceased has no surviving relatives, the whole estate goes to the Crown. These intestacy rules apply to England and Wales and differ from those in Scotland and Northern Ireland.

**For more information on civil partnerships, don't hesitate to contact us.**



**The  
importance  
of keeping  
your Will  
safe**

## **Why it's important to keep your Will safe**

Your Will tells everyone what should happen to your money, possessions and property after you die – all of these assets are collectively known as your estate. If you do not leave a Will, the law decides how your estate is passed on, which may not be in line with your wishes. Regardless of your age or health it is important to plan ahead, particularly if you own a property or have savings, investments, insurance policies or you own a business. There are also numerous benefits to having a Will, from ensuring you leave an inheritance to family and friends to potentially reducing the amount of Inheritance Tax that may be payable on your estate.

We all take care of things that we treasure; we keep our money in the bank and jewels or other valuables in a safe or strongbox - so if you think about it, it makes perfect sense to store your Will in a secure and safe location as well.

Your Will is vitally important in enabling you to leave clear instructions on how your estate is to be distributed. If anything happens to your Will or if your Executor doesn't know where to find it, you may as well not have written one.

The original Last Will and Testament is the only document that will be legally accepted and it must be in pristine condition to ensure that there are no complications when following the wishes set out in it. It is vital that your documents are stored appropriately so that it meets the specific requirements of the Probate Courts when it is presented by your Executor(s). Many people will understandably assume that the safest place to store their Will is within their house, but research shows that the majority of family members (67%) wouldn't know where their relative's Will is stored at home.

It is also important to ask yourself, what happens if the worse happens and your house is burgled, damaged by fire or flooded? Or what happens if the documents are mislaid during a move or clear out? It is always recommended to speak to your Will writer regarding storage solutions to ensure it is kept safe and in good condition, ready for when the time comes.

**If you require advice regarding your Will, please contact us using the details below.**

**Contact us if you have any questions or need further information on probate fees, Inheritance Tax, civil partnerships or keeping your Will safe – we're always happy to provide advice and guidance to suit you. Call us 01462 615233 or email [info@willtrustandprotect](mailto:info@willtrustandprotect)**