

## How We Can Help Each Other

The information in this leaflet is intended to give some idea of the extra information to be found out and supplied in taxable estates. It would assist us if, when we ask for information you could bear these requirements in mind and provide as much information as possible. If any information comes to light during the administration period please supply it to us as soon as possible. If you have knowledge of the deceased's affairs likely to indicate the existence of additional assets or a loan or gift or cancellation of a gift during the deceased's lifetime then please give us this information. We may then be able to avoid or mitigate the penalties likely to arise if the information is not disclosed. This will protect the whole estate and will ensure a swifter conclusion to the administration of the estate. We may even be able to utilise exemptions to save Inheritance Tax on behalf of the estate.

## Our Team

Rita Sen Solicitor together with Assistant Solicitors Elizabeth Osmend and Caroline Barnes have, collectively, over 50 years' experience as solicitors.

Rita Sen and Elizabeth Osmend are both full members of the Society of Trusts and Estate Practitioners (STEP).

Rita, Elizabeth and Caroline are supported by equally experienced assistants who have many years' experience in the legal profession. As a team we aim to provide a service which is friendly, professional and caring when clients are facing difficulties.



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# Where Inheritance Tax is Payable



## The Taxable Estate

In cases where we are instructed to act in the administration of an estate we must fully abide with all of the requirements of the law. Where Inheritance Tax is payable the duties of a personal representative are more onerous because a full and detailed inventory of the entire estate must be submitted to the Capital Taxes Office (HM Revenue & Customs) and the tax calculated and paid before the grant of administration can be obtained. New guidelines from HM Revenue & Customs impose detailed requirements in dealing with this aspect of the estate and there are severe penalties if these are not complied with. In this leaflet we draw your attention to some of the requirements.

## What is included in an Estate?

An estate is valued at the moment before death as including everything in the deceased's name, anything owned jointly, trust assets where income is received, gifts made from which a benefit is retained, and, when calculating the tax, gifts within the last seven years before death. Executors are required to make extensive enquiries to ascertain the assets in the estate including checking tax returns, bank statements and passbooks for the previous seven years and making enquiries of any solicitor or accountant who ever dealt with the deceased's affairs, checking with the deceased's family to discover gifts, contacting anyone named in the deceased's Will to find out more about the deceased's affairs as well as checking with business associates and banks, stockbrokers and other

financial advisors. Checks must be made of any items in safe keeping and also if there is a Trust, the Trustees must provide information which may affect the estate.

## Valuing the Estate Assets

The sale price (i.e. the price that the item might fetch if sold) is the value that must be placed on an item for probate purposes and this is the open market value. We always recommend that a formal valuation be obtained in respect of all of the assets of the estate and if necessary will request different valuations from different valuers specialising in that field. For instance a surveyor qualified in the field will be instructed to value the property and an auctioneer to value the household contents; a stockbroker will be engaged to value the shares and a jeweller to value the jewellery.

Other specialist valuations may be required depending on the nature of the assets in the estate. When valuing personal effects and household goods these may need to be grouped into categories such as antiques, works of art paintings etc., jewellery, collections of any kind (wines, spirits, books, stamps, coins medals) cars, caravans, boats, tv, audio, video, cameras, furniture, household and domestic items, clothes, garden equipment and tools. These valuations will attract additional valuation fees but will save time and money in the long term both in getting the grant and in dealing with any enquiries of HM Revenue & Customs (Capital Taxes Office).



## Penalties

If the appropriate enquiries are not made or if the information put in the Capital Taxes (HM Revenue & Customs) form under the new guidelines are incorrect then severe penalties may be imposed. Where there is negligence or fraud the penalty can be 100% of the additional tax plus interest. The amounts will depend in practice on the particular circumstances of the case. It is therefore essential that the new rules and requirements are rigidly adhered to.

## Our Task

It is our job to keep up with the rules and requirements of the HM Revenue & Customs and to deal with the administration of the estate as efficiently as possible. We will continue to strive to achieve this.