



□ DMH Stallard

Webinar – Tuesday 1 December 2020

Inheritance Tax: everything you ever wanted to ask, answered

1) Potentially Exempt Transfer	<ul style="list-style-type: none"> • <i>Will we get a gift tax?</i> • <i>7 year rule may reduce to 5 years</i> • <i>What will happen to taper relief?</i> • <i>Normal expenditure out of Income – will this stay?</i> • <i>Should we make large PETs while we still can?</i>
2) Lifetime Nil Rate Band Trusts	<ul style="list-style-type: none"> • <i>£325K into trust every 7 years</i> • <i>Claim holdover relief on assets with a gain or trigger CGT while still 20%/28%</i> • <i>Suitable for clients with surplus cash/assets but wish to keep control/asset protect</i>
3) Business Relief portfolio	<ul style="list-style-type: none"> • <i>Still in the estate for IHT but exempt</i> • <i>Included in the RNRB threshold test</i> • <i>Will BR be restricted or scrapped?</i> • <i>Should such assets be put into trust as well to double wrap?</i> • <i>Favourable clawback rules on using trusts</i>
4) Discounted Gift Trust	<ul style="list-style-type: none"> • <i>Gives an immediate benefit due to the discount</i> • <i>Provides an ‘income’ (capital)– carved out</i> • <i>Does utilise NRB unless a bare trust is used</i> • <i>Good for clients needing an income</i>
5) Loan Trust	<ul style="list-style-type: none"> • <i>Longer terms planning as loan remains in the estate</i> • <i>Growth usually in a discretionary trust and free of IHT</i> • <i>Loan payments give an ‘income’ (capital)</i>

6) Family Investment Company	<ul style="list-style-type: none"> • <i>As above, longer term planning, viable for amounts over £1m (to loan)</i> • <i>Suitable for clients exiting a business with substantial cash proceeds</i> • <i>Loan provides a tax free income stream for later life</i> • <i>Capital growth on loan outside estate</i> • <i>Children's shares can also be put into a family trust</i>
7) Deed of Variation	<ul style="list-style-type: none"> • <i>Redirecting inheritance either outright or to a family trust (have your cake and eat it)</i>
8) Gift with Leaseback of the main residence	<ul style="list-style-type: none"> • <i>Main residence favoured asset for planning due to PRR</i> • <i>Lease gives security of tenure.</i> • <i>Can bring RNRB into play</i> • <i>Savings exceed £500K in most cases if 7 year period survived</i> • <i>Suitable for clients not wishing to move, substantial savings and trustworthy children</i>
9) 90:10 gift of interest in property you do not live in	<ul style="list-style-type: none"> • <i>Allows clients to retain 90% of income</i> • <i>Useful where BTL income needed</i> • <i>CGT is the issue, but favourable at the moment to trigger CGT at low rates if affordable</i>
10) Shared occupancy gift	<ul style="list-style-type: none"> • <i>Allows gift of around 50% of the main residence without having to pay market rent</i> • <i>Perfect for clients with adult children at home for the foreseeable future</i>
11) NRB trust for a married couple on first death	<ul style="list-style-type: none"> • <i>Protects the RNRB</i> • <i>Enables the Joint Property Discount</i> • <i>Protects capital growth</i>
12) Whole of Life insurance	<ul style="list-style-type: none"> • <i>Not really IHT mitigation but useful</i>



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