

Financial and Legal Advice



The two certainties: death and taxes...

FOLLOWING on from our article on May 6, now you are acting as executor there are certain practicalities that need to be considered.

You have the record of the estate prepared with all the supporting documentation, but what are the next steps?

Income tax

The first thing that needs to be considered is if a tax return to the date of death is required.

Any tax liability or refund for this period will need to be included in the estate to date of death. Payment of tax arising will be due 30 days from date of probate.

Inheritance tax

This is due for payment six months from the end of the month in which the date of death occurred.

The returns and arrangements for payment are required to be submitted to HMRC before probate can be applied for. Many banks offer arrangements whereby the tax can be paid directly to HMRC from an eligible account before probate is obtained.

Bank accounts, cash and investments

Bank accounts in the name of the

Probate practical considerations

deceased will be frozen at the date of death until probate is obtained.

An executor's account should be set up as soon as possible to collect any income or cash that arises while the estate is in administration. Once probate is granted, estate liabilities can be paid from this account.

Some banks will automatically close accounts with small balances. However, those with balances more than £50,000 will need proof of probate to be released.

Assets and investments such as premium bonds will also require probate.

Valuations

Properties, chattels and other assets must be professionally valued to establish probate value for inheritance tax purposes and base cost for capital gains tax purposes if they are later sold.

Estate accounts

Once all the assets are collected and the executors are ready to settle the liabilities and administer the estate, a record of the transactions will need to be maintained.

From this record, estate accounts will be prepared. These will be the best tool for executors to show they have administered the estate correctly and will form the basis for accounting for any income and capital gains tax arising during the administration period.

Butler & Co can assist with the submission of the inheritance tax forms, application for the grant of probate, and administration of the estate, including the setting up and management of an executor's account, and preparation of estate accounts and tax returns, providing as much or as little support as you require.

Butler & Co has a local and national reputation for providing excellent advice and first-class service together with a high level of client care and communication.

For advice or a free telephone consultation please do not hesitate to contact us on 01962 735544 or by email at infobutler@butler-co.co.uk

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