



Private Clients and their Homes

Have you recently bought a property in the UK? If the answer is yes, you may wish to think about making a Will.

What is a Will?

A Will is a legal document that sanctions how an individual's property passes upon death. The author of the Will (the testator) confirms who will manage their estate and how and to whom their assets are to be distributed.



Do I need a Will?

A Will can ensure that your wishes, upon death, are carried out. It is vital if you wish to guarantee that your property and possessions are left to those you love and care for.

A Will allows you to protect assets by keeping them within your family and forthcoming generations, appoint trustworthy and dependable individuals to administer your estate as per your wishes and can assist in care home and tax planning.

What if I do not make a Will?

If an individual dies without a Will they die intestate. Who benefits from your estate is set out under the *Rules of Intestacy*. Such rules may not be in accordance with your wishes, and as a

consequence estranged relatives may benefit from the estate and unmarried partners may not be accounted for.

The *Rules of Intestacy* also specify who can administer an estate, potentially allowing distant and unfamiliar relative's to have access to your private affairs. This may be difficult for other close family members who may be disagreeable to their involvement; causing further worry, expense and delay in administering the estate.

Foreign Property

Where a testator dies domiciled abroad but leaves assets in England & Wales a grant must be taken out in order to deal with such assets.



If no Will is set in place it may be difficult to ascertain who is entitled to take out the required grant. Numerous documents translated and certified by official bodies of the individual's country of domicile may therefore be required in order to prove entitlement. Inevitably this will increase the amount of time, work and costs spent on administering the estate. Having a Will may assist in alleviating such costs.

Although you may have a Will covering assets in your country of domicile, it is possible to have more than one Will to control the various assets in other jurisdictions.



How do you own your property?

It is important to understand how property is owned as this affects the way in which it passes on death. If property is owned as Joint Tenants, on death, the deceased's tenant share will automatically pass to the other by way of survivorship.

If a property is owned as Tenants in Common, on death, the deceased's share will pass those specified in their Will. If no such Will is in place the property will pass in accordance to the *Rules of intestacy*. In this instance, a Will can prove to be extremely useful allowing you to dispose of your share in the property as per your wishes. Difficulties may arise if the surviving tenant is forced to share a property with an estranged relative!

Will I be charged Inheritance Tax on my property?

Inheritance tax is currently charged at 40% on estates over the value of £325,000 (the current Inheritance Tax Nil Rate Band). Therefore should your property be worth over this amount, you may well be liable to pay Inheritance Tax.

What other possible tax implications are there on my property?

In April 2013 the government introduced an Annual Tax on Enveloped Dwellings (ATED). This tax is payable by companies that own high value residential properties worth over the value

of £2 million. Should your company own a residential property in the UK it may be beneficial for you to make arrangements for its future organisation, documenting exactly how various interests and assets in the Company are to be managed.

Is it important to make a will?

In addition to the benefits discussed above, a Will can also prove useful for various other reasons.

They may include:

- * Providing for children from a previous marriage and a new partner: A Will enables you to evenly balance your children's long term inheritance and your new partner's long term safekeeping.
- * Safeguarding your beneficiaries legacy from divorce or bankruptcy proceedings
- * Providing for a spouse or children who are handicapped whilst ensuring that state benefits are maintained
- * Making arrangements for the future organisation of your company

Should you wish to discuss any of the issues including making a Will, your tax position in the UK and your exposure to IHT, please contact the office and we shall be happy to arrange an appointment.

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