

# Bullimores LLP



Old Printers Yard, 156 South Street, Dorking, Surrey RH4 2HF  
Tel: 01306 880880 Email: [partners@bullimores.co.uk](mailto:partners@bullimores.co.uk)  
website: [www.bullimores.co.uk](http://www.bullimores.co.uk)

## PROBATE

**The administration of an individual's estate can sometimes be a complex and time-consuming experience, and also imposes legal obligations on the executors. Below we outline the various stages with which we can help you.**

Bullimores are now licensed by ICAEW to undertake non-contentious probate in England and Wales.

Probate is the process of dealing with a deceased individual's estate in order to ensure that their property, money and possessions are distributed in accordance with their wishes. We can deal with the whole of the process or any areas with which you need help.

Dealing with probate involves a lot of form-filling and it is necessary to gather a variety of information relating to the deceased person's assets, as well as dealing with inheritance tax (IHT), corresponding with beneficiaries and financial institutions, and keeping various records and accounts.

### Wills and Grants of Representation

A Will normally determines who will administer an estate. If you are named as an executor of the estate in a valid Will, you can apply to the Probate Registry for a 'grant of representation' by completing probate application form (PA1), or by having a qualified professional apply on your behalf. A grant of representation is an official document issued by the probate registry, providing your entitlement to deal with the individual's affairs.

In the absence of a valid Will, the rules of intestacy will apply. In this situation, the individual's next of kin (as defined by a set order of priority) will normally need to apply for letters of administration, allowing them to deal with the deceased person's assets.

A grant of representation need not always be obtained, for example in cases where the deceased's assets are worth less than £5,000, or all assets pass directly by survivorship to a joint owner. However, some financial institutions may still require a grant.



### The Estate

The executor or administrator will establish the value of the estate. This will mean locating all relevant documents relating to the deceased. It is important to ascertain all of the assets, investments and liabilities relating to the estate, which may include land and property, household goods and personal belongings, business assets, savings and investments and any debts owing on the estate. Any gifts made by the deceased during the last seven years must also be identified. Professional valuations of any land and property or other items of significant value are often requested.

The probate forms are then completed and IHT liability calculated.

### Inheritance Tax

IHT is normally payable at 40% on any part of an estate that is worth more than £325,000 at the time of death (the 'nil-rate band') but there are further reliefs between husband and wife and potentially for the family home. IHT may not be payable in some circumstances, for example in the case of business assets, most gifts given between spouses and civil partners, and assets given as gifts while the deceased was alive (so long as they survive for seven years after giving the gift, or certain anti-avoidance provisions don't apply). Other reliefs, exceptions and exemptions also apply, including gifts to charities.

The executor or administrator will normally be responsible for paying any IHT due on the estate, except in the case of trusts. Where there is IHT to pay, forms IHT400 and supporting schedules are completed and sent to HM Revenue & Customs (HMRC). Where there is no IHT liability, form IHT205 is completed and sent together with the probate application.

The IHT must be paid before probate is granted. Instalments are possible if land and buildings are in the estate.

## Obtaining Probate

Once your probate and IHT forms have been completed, your application will be submitted together with an official copy of the death certificate, the original Will and any codicils (and three copies), and the application fee.

## Collecting the Assets

When the grant of representation has been issued, this creates the legal authority to deal with the estate. A copy of the grant is sent to all organisations controlling the estate's assets, such as banks and building societies, in order for them to release the assets.

Once the assets have been secured, all debts on the estate are settled, including any outstanding funeral expenses, taxes and creditors, such as loans, mortgages or household bills.

It may be necessary to place a statutory Deceased Estates Notice, or legal notice, in The Gazette (the UK's official public record) and a local newspaper to ensure that unidentified creditors can come forward. Creditors then have only two months and one day from the date of publication to contact executors to raise a claim.

## Distributing the Estate

All expenses, liabilities and specific legacies will have been paid before distributing the remainder of the estate.

It is necessary to account for any income received and capital gains made during the period of administration and to prepare final accounts for the estate.

Once the assets have been collected and the debts and liabilities paid, the beneficiaries are paid and legacies distributed in line with the Will or the rules of intestacy.

## Estate Planning Services

The presence of a valid and up-to-date Will and effective estate planning are an essential part of financial planning. An estate plan will help to ensure that your assets are distributed in accordance with your wishes and in a tax-efficient manner.

## Wills

Without a Will the intestacy rules will apply. A Will allows you to exercise control over your property and personal belongings, including specifying who will be responsible for distributing your estate, and what provision should be made for your family.

Issues to consider are:

- Who should benefit? Consider who you want to benefit from your wealth, and whether your children should share equally in your estate or if it should go to grandchildren, friends or charities.
- Putting assets into trust and restricting access to income and capital can be useful for minors. If you have a business do you want to pass it to all of your children, or only those involved in the business, with the others being compensated accordingly?

A Will should be reviewed on a regular basis to ensure that it reflects any changes in your personal circumstances. We recommend a review at least every three years.

## Inheritance Tax Planning

There are various lifetime IHT exemptions which can help reduce your estates.

- £3,000 annual exemption
- normal expenditure gifts out of after tax income
- gifts in consideration of marriage
- £250 per person per annum
- gifts to charity
- gifts between spouses

As your accountants, we also have an in-depth understanding of your finances and can help with all your financial planning, from the tax-efficient use of trusts and lifetime gifting strategies, to reviewing your estate plan. Please contact us for further assistance.