

solicitors
Hart Brown



Robert Audino
Partner

Head of
Family Department



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About Hart Brown

- Hart Brown – one of the largest legal practices in Surrey
- Founded in 1919
- Now has 6 offices – Woking, Cobham, Cranleigh, Godalming, Guildford x 2
- 15 Partners - total 110 Staff



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Our Legal Departments

- Company Commercial
- Commercial Property
- Family
- Civil
- Trust & Investment
- Residential Property



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Our Culture

- We always act only in the best interests of the client
- We get to know our clients and their ethos
- We give practical, commercial and sensible advice
- We provide speedy responses and work towards solutions
- Our clients have trust & confidence in us – we are their 'in-house lawyers'



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The Firm of Choice



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The Civil Partnership Act 2004

What a Difference a Day Makes



So What's Different?

- The effect of the intestacy rules
- Previous wills revoked by civil partnership
- Wills made in contemplation of civil partnership
- Rules relating to tax
 - Inheritance Tax ("IHT")
 - Capital Gains Tax ("CGT")
- Benefits available through long term tax planning



Capital Gains Tax

As individuals, two people (with a house each) contemplating civil partnership each have a main residence exemption

Civil Partners will only have one main residence exemption between them

Consider carefully therefore the CGT consequences of entering into a civil partnership



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Inheritance Tax – the facts

- charged on absolutely everything you own as at the date of your death together with the value of any gifts made in the last 7 yrs of your life
- Nil Rate Sum available to every individual and currently £275,000
- Over the Nil Rate Sum tax payable at 40%
- Gifts to Civil Partners exempt from IHT



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Let Us Introduce You....

Meet Paul

Paul is 45, an architect who is keen on classical music, skiing and fine dining. He has a sister Felicity that he rarely sees and whom he has little time for. However, he has been in a long term relationship for 12 years with Andy.





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Let Us Introduce You....



Meet Andy

Andy is 44, a surveyor who is keen on heavy rock music, real ale and motorbikes. He has a niece Lucy and a nephew Matt whom he and Paul adore.



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Their Life Together.....

Paul and Andy live together in Paul's house
Paul has assets of £500,000 (incl. his house worth £400,000)

Andy has assets of £100,000

They share equally in payment of the mortgage and the household bills, food etc.



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What if Paul died....

Without a will..... the intestacy rules apply

- Paul's estate (including the house) will go to his sister as the first entitled relative under the intestacy rules
- Andy will get nothing and will be forced to leave the house
- To add insult to injury, Paul's sister is entitled to administer his estate



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What if Paul died....

..... with a will leaving everything to Andy?

- The first £275,000 would pass to Andy free of tax
- The remaining £225,000 would bear IHT at 40%

Tax Bill = £90,000



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Andy and Paul get Hitched!

Andy and Paul register their Civil Partnership on 22 December and then spend a merry Christmas in Klosters on their honeymoon, until

Paul hits a tree and dies.....



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Paul Dies Without a Will.....

According to the intestacy rules, Andy is the first person entitled to administer the estate

Andy is the main beneficiary and receives the first £200,000 as the statutory legacy

The remaining £300,000 is divided equally between Andy and Felicity



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Paul Dies Without a Will.....

Therefore £350,000 passes free of tax

Remaining £150,000 is within the NRB

**No tax payable
but Felicity is £150,000 richer!**



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Paul Dies With a Will.....

- The will validly appoints Andy as an executor
- The estate is left entirely to Andy
- No tax is payable

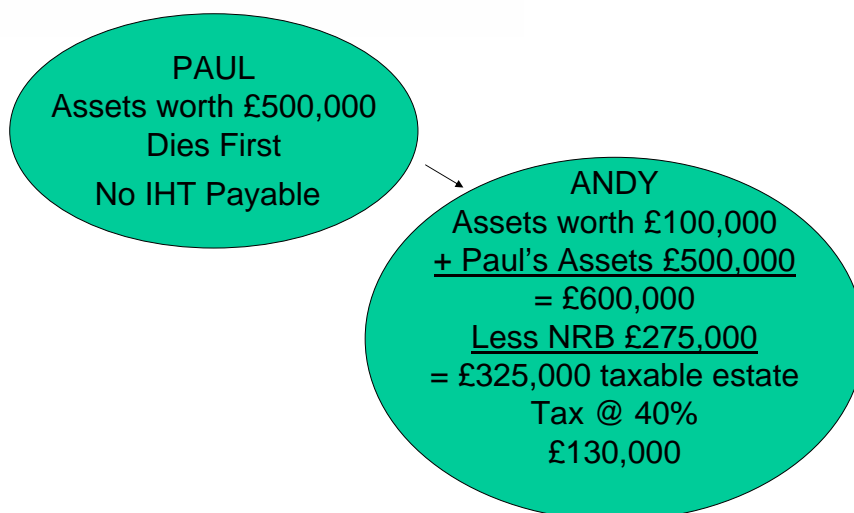
But what if Andy then dies.....

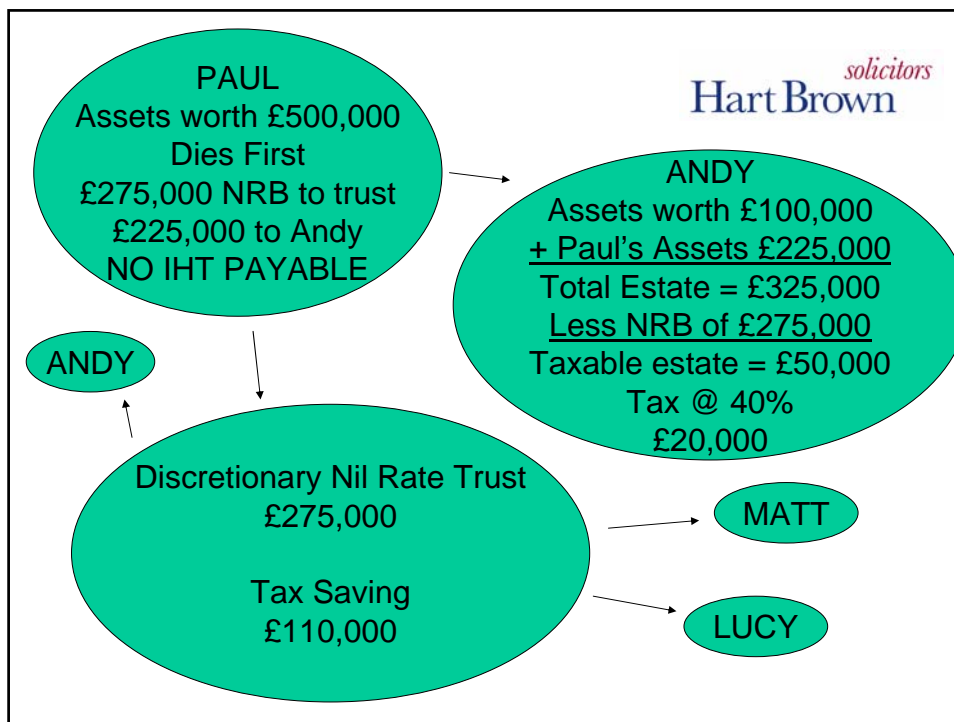


Andy's Estate

- Andy has a total estate of £600,000
- He leaves it all to Lucy and Matt
- The first £275,000 is free of IHT
- The remaining £325,000 suffers tax at 40%

Tax Bill = £130,000





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So What Should You Do?

- Make a will!
- Make a will with provisions that will save tax!
- Consider lifetime gifts where possible
- Don't forget Capital Gains Tax
- If you intend to register your Civil Partnership in the future make a will in contemplation of it

Always seek good legal advice!

