

The Increasing Complexity of Inheritance Tax Forms

"Inheritance Tax Forms are getting more complex". That's the message from Ian Bond, Head of Wills Trusts and Probate at Co-operative Legal Services.

HM Revenue and Customs has just released some major changes in the forms that are required to be completed in order to register the estate of a deceased. This is the first change to the Inheritance Tax Forms since the new style of IHT200 form was introduced in February 2000.

From 17th November 2008 Form IHT400 Inheritance Tax account has been introduced to replace the existing form IHT200. In addition the old supplementary pages – numbered D1 to D21 have also been replaced with schedules numbered IHT401 to IHT423. The IHT200 form will be withdrawn from the HM Revenue & Customs website from the 9th December. (The old forms will still be accepted until 9th June 2009.)

But what does this really mean for the administrators of estates? Essentially it means that HM Revenue and Customs are requiring greater clarity on submissions to ensure that they are fully aware of any Tax liabilities arising from the estate of the deceased. Ian Bond continues "This requires more time and a greater understanding of Inheritance Tax in order to complete the forms to the satisfaction of HM Revenue and Customs. This will increase the requirement on people administering estates to carry out a more thorough examination of the deceased's estate"

In particular 3 new forms have been created for the following:

- Bank and building society accounts and National Savings Investments (IHT 406)
- Unlisted stocks and shares, and control holdings (IHT 412)
- National Heritage assets, conditional exemption and offers in lieu of tax (IHT 420)

However there are also some common sense and practical changes that have been introduced as well. Following on from the recent introduction of the transferable nil rate bands the IHT402 form now requires only that photocopies (rather than originals) of the following documents be supplied with the form:

- Grant of representation (or Confirmation) to the estate of the first spouse or civil partner. If no grant was taken out, a copy of the death certificate.
- Spouse or civil partner's Will, if there was one.
- Deed of variation or similar document, if one was executed on the first estate.

A further sensible change is the introduction of a declaration on the IHT400 form which must be signed, placing a legal obligation on the person to complete the details correctly. Failure to do so could result in this individual being prosecuted.

As a result there is a greater legal responsibility being placed onto the administrators of the estate which may require greater time and expertise to ensure compliance with the HM Revenue and Customs requirements.

For many this may become onerous and they may be uncomfortable with the legal responsibilities that come with being the administrator of the deceased's estate. Specialist providers of Probate services such as The Co-operative Legal Services can offer a cost effective alternative for these individuals, providing a clear and transparent fixed fee service covering not just the completion of tax forms but managing the whole probate process on behalf of the administrators of the estate.

For more information on the Probate services provided by The Co-operative Legal Services call 0845 603 7199 or visit www.co-operative.coop/legalservices.