

# The Chancellor's Pre-Budget Statement

## October 2007

### Some Good News!

#### WHAT DOES IT SAY?

That legislation will be introduced by the Finance Bill 2008 to allow a claim to be made to transfer any unused Inheritance Tax nil rate band on a person's death to the estate of their surviving spouse or civil partner who dies on or after 9<sup>th</sup> October 2007.

#### KEY POINTS:

- Allows both spouses/civil partners to use their nil rate bands.
- Could double the Inheritance Tax saving!
- Available to the survivor's Personal Representatives regardless of when the first death occurred.
- Full unused percentage available even if the first estate was worthless
- Unused percentage will keep pace with increases in nil rate band (anticipated to be £350,000 in 2010/11).

#### WHAT DOES IT MEAN TO ME?

- **We have nil rate band discretionary trust Wills in place.....**  
No need to make any change, a discretionary trust is flexible and will allow you to take advantage of the saving following the first death.
- **We have Wills passing everything to each other on the first death.....**  
The survivor's Personal Representatives will be able to claim both nil rate bands to the extent they have not been used.
- **We don't have Wills.....**  
Dangerous, especially if you are married or civil partners, or have children. Come and see us!

#### ACTION REQUIRED NOW

If your spouse or civil partner died within the last two years and you had tax efficient Wills please contact us to discuss your options and ensure your estates benefit from the recent proposals.

#### ARE THERE OTHER WAYS TO SAVE INHERITANCE TAX?

There are a number of ways to reduce your Inheritance Tax liability and we will be happy to explain these to you.

#### CAPITAL GAINS TAX

You have only a few months to use up accrued indexation and taper relief. After 5<sup>th</sup> April 2008 all gains will be taxed at 18%, without either of those reliefs.

Please call your usual contact, or Yvonne Simmons on 01932 590555 who will be happy to make an appointment for you to see one of our solicitors.

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