

# Private Client Inheritance Tax Planning



If consideration of the rules relating to Inheritance Tax (IHT) reveals that there is a potential IHT liability then planning action ought to be considered.

Those undertaking IHT planning are generally aiming to achieve two key objectives:

1. To ensure their own financial security for the remainder of their life, which means having funds available as the need, or desire, arises
2. To ensure that as much as possible of their estate passes to their chosen beneficiaries

Although these two objectives appear to be at odds with each other, IHT planning aims to achieve both, as far as possible, but with the emphasis on the first objective.

With the above points in mind, it is advisable to regard a main residence as the last asset to be considered for IHT planning, except perhaps to consider moving to a lower value property (“down-sizing”) and using the equity released to implement the IHT planning arrangements which are available. If assets are represented by a valuable main residence with relatively modest liquid assets, but down-sizing is not an option, then expert advice is available.

IHT planning generally involves one or more of the following:

- a) Life Insurance
- b) Asset Reduction (gifts and trusts etc.)
- c) Asset Conversion (including pensions)
- d) Wills (for married couples)
- e) Wills (for unmarried couples)
- f) Structuring Businesses/Farms
- g) Post-Death Planning

Whilst general information can be provided on request in relation to any or all of the areas set out above, such general information cannot cover all of the points that may need to

be considered with each of the IHT planning measures available, and specifically does not cover any Stamp Duty Land Tax or VAT implications, nor all income tax and Capital Gains Tax (CGT) implications.

Further, the Government’s General Anti-Abuse Rule (GAAR) seeks to counteract tax advantages arising from abusive tax arrangements, which does not include standard tax-planning arising from long-established practice. Whilst the general information provided should not breach the GAAR, individually tailored advice should always be sought.

## Key contacts



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