



## Managing Inheritance Tax Liability

More than ever before, people are looking to find ways in which they may be able to reduce their liability for Inheritance Tax so that they can pass their assets meaningfully onto their families.



Worries about IHT often relate to the value of a home, as was the case for one of Oval's clients, who faced significant liability in this respect. Making gifts is the main way round inheritance tax. If you make a gift and survive for seven years, no inheritance tax is payable on the gift value. But in this particular case, the gifting of assets was not possible as the client was not certain to survive for seven years.

In answer to this, Oval devised an effective solution for the client, which involved the outright sale of their house to their children at current market price. The proceeds from the sale were then invested into an Enterprise Investment Scheme (EIS), taking up the lowest risk structures available at that time.

Subject to the investment being held for two years, it became exempt from IHT, being deemed legitimately outside then client's estate. Furthermore, the EIS also had additional tax saving benefits.

Oval was able to help further reduce the value of the client's estate by helping to arrange Personal Pensions for their grandchildren. The contributions for these pensions came from surplus regular income from the client's own substantial pension plans, which meant they were removed from the estate and the auspices of IHT. Happily, these contributions also benefited from Basic Rate Tax Relief.

For help and advice on how you may be able to reduce your liability for Inheritance Tax, contact Paul Butler on 0115 937 1329 or email [paul.butler@theovalgroup.com](mailto:paul.butler@theovalgroup.com)