

RISE IN PROBATE FEES TO TAKE EFFECT DESPITE OPPOSITION

Government plans to increase probate fees are set to go ahead despite considerable opposition.

Currently, for estates valued at over £5,000, a grant application made by a solicitor is subject to a flat fee of £155. A grant application made by an individual is subject to a fee of £215.

During the consultation period, the government's new plans were met with strong opposition. Experts stated that the rise in fees will make it 'impossible' for many families to access assets without falling into debt. Meanwhile, MPs voiced concerns that the increase could disadvantage charities.

As a result, the original proposals have been adjusted. From 1 April 2019, the increase in fees is set to take effect. Estates which are valued between £50,000 and £300,000 will be subject to a fee of £250. The fee rises thereafter to reach £6,000 for estates with a value above £2 million.

Lucy Frazer QC, Parliamentary Under Secretary of State, said:

'The top band has now been reduced from £20,000

under the previous proposal to £6,000 under this order.'

The new banded fees structure does not amend the underlying policy rationale, and will retain the same progressive banded structure as the earlier proposal, in which the fee payable relates to the value of the estate.'

Commenting on the plans, John O'Connell, Chief Executive of the Taxpayers' Alliance, said: 'It's hard enough to deal with the loss of a loved one without the government stepping in and taking away so much through inheritance tax, and now this proposed increase to probate charges.

'While probate can be bureaucratically burdensome, these death tax hikes are totally unreasonable and will hit taxpayers even harder.'

The rise in probate fees will apply to estates in England and Wales – estates in Scotland and Northern Ireland are subject to different fees.

For more information on this, talk to a member of our Trust & Estate team, call 01753 888211

HMRC reveals 700,000 couples are 'missing out' on Marriage Allowance

HMRC has estimated that around 700,000 couples are 'missing out' on the Marriage Allowance, which could save them up to £238 in tax during the 2018/19 tax year.

Introduced in April 2015, the Marriage Allowance enables spouses to transfer a fixed amount of their personal allowance (PA) to their partner. The option is available to couples where neither pays tax at the higher or additional rate. If eligible, one partner will be able to transfer 10% of their PA to the other partner (£1,190 for the 2018/19 tax year).

For those couples where one person does not use all of their PA, the benefit will be up to £238 (20% of £1,190). From April 2019, the PA will rise to £12,500. As a result, £1,250 can be transferred from one partner to the other during the 2019/20 tax year, giving rise to a £250 tax break.

Couples are able to register for the Marriage Allowance at <https://www.gov.uk/apply-marriage-allowance>.

Claims can be backdated to include any tax year since 5 April 2015 that couples were eligible for the allowance.

Commenting on the allowance, Mel Stride, Financial Secretary to the Treasury, said: 'For more than 3.5 million married couples and those in a civil partnership, we are putting up to £238 this year back into their wallets, and it is encouraging to see so many people taking advantage of the tax relief.'

'Married couples who are yet to sign up for this great scheme – you too can benefit – it is quick to register, and any backdated allowances will be paid as a lump sum.'

The Marriage Allowance is available in Scotland: to qualify, the higher earning partner must pay tax at the starter, basic or intermediate rate.

Worried or not prepared for 'Making Tax Digital'...

As you are no doubt aware, HMRC are making a fundamental change to the way tax is submitted. Making Tax Digital (MTD) is a HMRC initiative to streamline the tax system and will require businesses to use accounting software to submit tax returns digitally rather than via the online self-input portal currently in use.

Starting from the 1st April businesses will no longer be able to use the government gateway to submit their VAT returns instead they must use compliant accounting software applications.

If you need advice on this or guidance on MTD, please contact us and we will be happy to assist you. Call 01753 888211 or email info@nhllp.com

ESSENTIAL TAX DATES FOR MARCH

1 March

New Advisory Fuel Rates (AFR) for company car users apply from today.

3 March

5% late payment penalty on any 2017/18 outstanding tax which was due on 31 January 2019 and still remains unpaid.

19 March

PAYE, Student loan and CIS deductions are due for the month to 5 March 2019.

31 March

End of corporation tax financial year.

End of CT61 quarterly period.

Filing date for Company Tax Return Form CT600 for period ended 31 March 2018.

Last minute planning for tax year 2018/19 – please contact us for advice.

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