



INHERITANCE TAX



SENTIENT

What is Inheritance Tax?

Inheritance Tax ('IHT') is a levy placed on an individual's estate upon their death, which can be made up of property, money or personal possessions. Where IHT is applicable, a percentage of the total estate value to be received is payable by the designated beneficiary/ies upon receipt of the estate.

However, IHT is not a legal requirement in all countries and the rate of IHT can differ from one jurisdiction to another. For example, the Isle of Man has 0% IHT, Malta also has 0% IHT but a duty of 5% is payable on immovable property; in the UK, the rate of inheritance tax is 40%.

Who Pays Inheritance Tax?

The person or people liable to pay inheritance tax are those that benefit from the estate of the deceased person, which may or may not be a blood relative. It can include:



CHILDREN

GRANDCHILDREN

PARENTS

SIBLINGS

BUSINESS PARTNERS

FRIENDS



Valuing the Estate

To value an estate, you must:

- 1** List all assets
- 2** Work out their value at the time of death
- 3** Deduct any debts or liabilities



Assets

✓ Money

✓ Cars

✓ Real Estate

✓ Land

✓ Pensions

✓ Chattels

✓ Shares/Bonds

✓ Insurance Policies

✓ Digital Assets/Digital Wallets (Crypto)



Inheritance Tax Planning?

There are ways in which you can look to reduce IHT liabilities upon your death. Consider:

- ➔ Leaving a legacy to charity
- ➔ Putting assets into a trust
- ➔ Paying into a pension
- ➔ Setting up a Life Insurance Policy
- ➔ Gifting regularly to your desired family & friends



The Golden Rule

It is fundamental in estate planning that you **create a will and regularly review its contents**, to ensure that it continues to reflect your wishes should anything happen to you.



You will need to appoint an Executor; somebody you trust; to take responsibility of the distribution of your estate as per your wishes when you are no longer around.