

What to do when someone dies – guiding you through the process



Whether expected or not, the period immediately following a death can be an emotional rollercoaster for those left behind, especially with the number of practical tasks that need to be undertaken soon after death. With this in mind, we've put together a guide to help you navigate your way through handling the estate and any financial implications at this difficult time to help alleviate some of the stress. If there is anything you're unsure about, please get in touch.

First steps

- Register the death with the Registrar within five days
- Utilise the government's online "Tell Us Once" service if possible to inform all relevant government departments
- List and inform all other relevant parties of the death, such as banks and investment managers etc.
- Locate the Will
- Consider funeral arrangements, wishes of the deceased and funding the funeral costs

Handling the estate

With the above steps underway, the executors must turn their attention to the estate:

- Establish the extent of the estate, gathering details of all assets and liabilities of the deceased
- Jointly held assets will generally pass automatically outside of the Will and Probate*¹
- Other assets will rest in the estate until sold or transferred under the terms of the Will
- Seek professional legal assistance where overseas property or other assets form part of the estate as there are different rules governing their transmission which we find can often be a difficult hurdle when dealing with the estate

Personal tax

Review the deceased's personal tax affairs to date of death:

- If they were within self-assessment, we can help with this, or use the deceased's professional advisor to file the tax return to date of death and the earlier year if not completed
- For those not within self-assessment, HMRC should provide the necessary tax calculation, as there is a simple automated process in place. Once HMRC has received all the relevant pay and tax figures for the year, a calculation will be sent to the executors reconciling the final position

This simple guide gives practical information from the first steps of dealing with the financial affairs of the deceased through to probate, and inheritance tax.

- Any income tax or capital gains tax liability should be taken into consideration as a debt of the estate. Any tax repayment due to the deceased will be an asset.

Inheritance tax

Once details of the assets and liabilities of the estate have been established, the next step is to ascertain the value of the overall estate for Inheritance Tax (IHT) purposes.

If it is apparent that Inheritance Tax (IHT) will be payable, you should bear in mind two important deadlines:

- The IHT forms must be submitted within one year of death.
- The first payment on account of Inheritance Tax should be paid by the end of the sixth month after date of death, whether or not you have finished valuing the estate at that point

If there is no IHT payable, or a formal valuation will take some time, you can use best estimates in order to obtain the grant. These can be corrected later.

Having ascertained the value of the estate, the next step is the completion of all the necessary IHT forms. If you feel this is something that you need support with, we're more than happy to help.

Executors often seek professional help as they are held responsible for the accuracy of the information contained within the IHT forms. A penalty may be incurred if inaccurate information is included. Various IHT calculations may also be necessary, taking into account any reliefs available, restrictions on the IHT nil rate band or claiming a deceased spouse's nil rate band.

- Often the most difficult figure to ascertain is the total of gifts or other transfers made in the seven-year period prior to date of death. Much depends on the accuracy of records kept by the deceased, whether a professional adviser was used etc.
- Given that IHT needs to be paid prior to Probate being obtained, it is accepted that payment may be made directly to HMRC from a bank or other investment account of the deceased
- An application for an IHT reference number will need to be made to HMRC at least three weeks before a payment becomes due. Again, this is something we can help with or it can be done online

If you have any further questions, please speak to your usual Buzzacott contact or our specialists below:

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Once the value of the estate has been agreed, reported to HMRC and at least some of the IHT paid, the next step is the application for probate:

- As an executor, you have the ability to apply for Probate online. Even so, you will need to send the original Will, with any codicils*², and original death certificate by post in support of your online application. The deceased must also have lived in England or Wales most of the time to use this service
- More details regarding the application for probate, where to send documents and fees involved can be found at www.gov.uk
- If there is no will, or none of the named executors can act, then the next of kin should apply to the probate registry for Letters of Administration

Once Probate has been granted, the Executors must turn their attention to settling all debts of the estate and distributing assets remaining in accordance with the Will or the rules of intestacy*³:

- Ensure all known beneficiaries are taken account of. It may be necessary to seek professional assistance in finding beneficiaries or ensure that sufficient notice has been given for beneficiaries to come forward.
- Specific legacies must be fulfilled before considering the residuary estate and how this should be dealt with. Sometimes difficulties arise due to complex family relationships or possible disputes over the Will itself or certain assets within the estate
- There is a two year window in which an entitlement from an estate may be varied to accommodate the wishes or needs of a beneficiary, or to distribute the estate in a more tax efficient manner. The services of a solicitor are required for the Deed of variation. There can be tax planning opportunities, so using a tax advisor can be beneficial
- Dealing with the estate may be a lengthy process, but once the estate has been fully distributed, the executors should close any accounts opened in the process and their work is done. In some situations indemnities should be obtained

*¹The process of evaluating and organising a deceased person's estate.

*² An addition or supplement that explains, modifies or revokes a will or part of one.

*³ Rules that apply to someone without a will.