

CASE STUDY

CREASEYS HELP COUPLE PROTECT PROPERTY AND BENEFIT FAMILY...AND SAVE TAX

Husband and wife partners in a farming business who were concerned about the future of their land and property as they moved into retirement were helped to set up a family trust by Creaseys partner Mark Howard, with the prospect of saving almost £200,000 of inheritance tax.

The couple no longer owned livestock but had entered into contract farming agreements with neighbouring farmers. They maintained the land and fences and the neighbours put their animals on to it.

They had two children but for some years it wasn't clear whether either were interested in taking over the farm.

The estate included a couple of farm cottages and a very attractive house which had always been the farmhouse but there was concern that HM Revenue & Customs might have queried that use in the future.

An ideal solution was to set up a trust to remove the farming property from the couple's estates. In this way they could dispose of the farmland and buildings and obtain 100 per cent agricultural property relief from inheritance tax but still retain a measure of control over the assets.

The farming business was given over to the son and daughter who now farm it as a partnership.

Capital gains tax can be avoided through Creaseys making appropriate claims and the trust can also protect the property from inheritance tax on the death of the original owners— currently 40 per cent of the value of an estate subject to available reliefs – a bill which in itself can sometimes force the breakup of an estate.

Family trusts date back to the days of the Crusades when knights leaving to fight abroad made provision for the families they left behind. They didn't know whether they would survive to return home and so asked friends to look after their assets for the benefit of their wife and children.

They are a curiously English tradition. They don't appear on the continent but are still valued here as shown in this case and if you would like to learn more

please speak to Creaseys partner Mark Howard who has specialised in this field for 25 years.

