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ESTATE  
ADMINISTRATION

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# HOW TO DEAL WITH THE ESTATE OF SOMEONE WHO HAS DIED

Losing a loved one is a difficult and emotional time. Added to which there can be the complexities of dealing with their estate; various assets (bank accounts, property, etc) need to be ascertained, debts settled and the balance distributed according to the terms of the deceased's Will or, if there is no Will, as set down by the law. This can be a lot to take on. You or another family member may feel in a position to do all of this, or you may wish to get a solicitor involved. The steps to be taken are as follows:

## PRACTICAL STEPS

- **Registering the death** entails obtaining the Medical Certificate of Cause of Death or Coroner's Certificate of Death from the deceased's doctor or the hospital in which they passed away.

With that certificate in hand, you need to contact the Registrar of Births and Deaths to make an appointment to register the death formally.

At this stage you will also be given a certificate which states whether the deceased is to be buried or cremated. This can be passed to the funeral director so that they can make the necessary arrangements on your behalf.

You will be given a Notification or Registration of Death (BD8) form by the Registrar. This and the online Tell Us Once service are useful tools to notify government institutions (state pension, tax offices, etc) of the death. It is advisable to telephone these institutions directly too, so that they are notified as soon as possible to avoid over-payments being made to the estate.

- **Funeral arrangements** need to be made and so a funeral director should be contacted. The deceased's Will may include funeral wishes and so it is important to check this. Often the cost of funeral arrangements can be reimbursed

from the estate or met from the deceased's bank account directly.

- **Inform** family members, friends, employers and educational establishments where relevant, health professionals and any care services. Financial institutions (banks and building societies) should also be notified, together with government institutions such as the Department for Work and Pensions, HMRC, the local council, the DVLA and the passport agency.

Any bank accounts in the deceased's name will be frozen to prevent fraud (joint accounts usually remain accessible by the remaining account holder).

- **Property matters** must also be addressed; home insurance should remain in place to protect the value of the home and contents as an asset of the estate, and utility providers should be notified and arrangements made for payment if the deceased's bank accounts have been frozen.

## HM REVENUE & CUSTOMS ACCOUNT

Ascertaining the value of the deceased's estate at the date of death is essential. This means establishing the value of assets, expenses and outstanding debts. This is with a view to preparing the Revenue Account for inheritance tax purposes and the application for the Grant of Representation (the document giving the executor or the administrator authority to deal with the deceased's estate).

The process involves notifying various institutions (banks and building societies, as mentioned above) and possibly arranging formal valuations of any property and personal belongings. The deceased's income tax and capital gains tax position may also need to be finalised with their local tax office. You will need to keep a note of all the figures involved; liabilities outstanding at the date of death and normal funeral expenses are deductible for inheritance tax purposes.

Gifts made by the deceased, principally in the seven years prior to their death, should also be accounted to the Revenue. A solicitor can advise you on the extent to which any such gifts may qualify for exemption from inheritance tax and the extent to which the rest of the estate may be liable to inheritance tax. A solicitor can also advise you as to whether the estate qualifies for tax relief due to the carry forward of any unused tax allowance

from a deceased husband or wife. On submission of the Revenue Account, any inheritance tax that is due will be payable insofar as it is attributable to assets other than land and buildings (where different rules apply).

## APPLICATION FOR GRANT OF REPRESENTATION

If the deceased left a Will then the executors appointed under that Will make the application to Court for the Grant of Probate. If the deceased died intestate, i.e. left no Will, then the law sets down who can apply to the Court and who is entitled to share in the deceased's estate.

If you are dealing with the estate administration yourself and a Grant is required, unless the estate qualifies as an 'excepted estate', you will need to complete a Revenue Account when you are making your application to the Probate Registry.

An excepted estate usually means that a person has died on or after 1 January 2022 and that one of the following applies:

- The value of the estate is below the current threshold (£325,000);
- The estate is worth less than £650,000 and there is an IHT free allowance to be carried forward from a spouse/civil partner's estate;
- The deceased left everything to their UK based spouse/civil partner or a charity and the estate is worth less than £3 million; or
- The deceased was living permanently outside of the UK when they died and the value of their estate was less than £150,000.

If the estate does qualify as an excepted estate, then a Revenue Account will not be required and the value of the estate will only be included in the application to the Probate Registry.

If you instruct a solicitor to assist in the estate administration then they will prepare the necessary paperwork that you will need to sign and submit the application for the Grant on your behalf.

In terms of the fees charged by the Probate Registry for issuing a Grant of Representation, a set fee of £273 is paid for the application, with any additional copies priced at £1.50 each.

## POST GRANT STEPS

Once the Grant has been issued you may wish to arrange for an advertisement for any unknown creditors of the deceased to be placed in both the London Gazette and a local newspaper. This step offers you as the executors of a Will (or the administrators of an intestate estate) protection against creditors of whom you are not aware making claims against the estate after it has been distributed to the beneficiaries. A solicitor can help you to arrange placing these advertisements.

An official copy of the Grant is sent to each bank, building society, etc along with authorities from the executors/administrators as appropriate to release the funds which are then used to settle outstanding liabilities. Depending on the wishes of beneficiaries, some of the assets, for example shares, may be retained and distributed to beneficiaries.

## FINAL STEPS

If there is inheritance tax to pay on the estate then, depending upon the assets involved, it may take some time to reach agreement with HMRC as to the final tax liability. Once the position has been agreed final distributions to the beneficiaries can be made. If matters are likely to go on for some time, executors/administrators may make interim distributions to the beneficiaries, after allowing for a more than adequate reserve to cover any outstanding liabilities.

If you instruct a solicitor to assist with the estate administration they will prepare full accounts of the estate for you, detailing for each beneficiary how their entitlement has been calculated.

## INCOME TAX AND CAPITAL GAINS TAX DURING THE ESTATE ADMINISTRATION

The executors/administrators are liable for basic rate tax on income from the estate and capital gains tax on gains made on the disposal of assets during the estate administration. If a solicitor is instructed they can assist you in this.



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