



## Business Trusts and Wills

These are for owners who have a business that would have a value after death and whose personal assets exceed the Inheritance Tax threshold or would do once the business value has been taken into account.

They are designed to mitigate Inheritance Tax (IHT).

Business Assets are not subject to IHT as such, but there is a trap. They do become taxable in the hands of the recipient (normally the widow) if the business is sold after death. This may result in 40% IHT being payable on them.

The answer to this problem is to gift the Business Assets in your Will into a Business Trust. This is set up by Will Power during your lifetime, with the express purpose of receiving the Business Assets. These are then kept out of the widow's estate for tax purposes with no possibility of ever paying 40% tax on them!

Every 10 years however, funds in the Business Trust may be subject to a small IHT charge (up to 6%) but even this can be avoided (or at least minimised) if necessary.

All in all, Business Wills and Trusts are highly recommended for all those whose Business Assets would lift the family's wealth over the current IHT level (currently £650,000).