

Guide to Estate Administration

The first steps are to obtain the death certificate and arrange the funeral. We can arrange for the funeral to be paid direct from the deceased's bank.

Once the death certificate has been received it needs to be registered with all interested parties and institutions, date of death valuations obtained, along with any other information that will be needed to administer the estate. Arranging valuations and obtaining confirmed details of any liabilities held in the sole name or/and jointly by the deceased, usually takes about 8-16 weeks depending on complexity of the estate.

Whilst obtaining the above information we shall also need to obtain income information for the Income Tax Return, for the period to the date of death.

It is also important to review whether any gifts have been made in the 7 years prior the death. If there have, this can be one of the most time consuming aspects of this stage of the administration.

On receipt of all the asset and liability information we will prepare HM Revenue & Customs (HMRC) Inheritance Tax account (if required) and the application for the Grant, which takes about 2-4 weeks. The papers will then be forwarded to the Executors or Administrators for approval and signature.

If the estate is subject to Inheritance Tax, we will arrange with the institutions holding estate funds to pay it. As each institution has a different process in releasing funds, the time this will take will very much depend on the nature of the asset. To avoid interest accruing this must be paid within 6 months of the end of the month of death. We shall also submit the Inheritance Tax account at this time.

During this period, we shall assess the Income and Capital Gains Tax position for the period prior to the deceased's death and, where necessary, submit an Income Tax Return. Timescales for processing that are very much dependant on HMRC.

If an Inheritance Tax account is sent to HMRC we must wait 20 working days before we can apply for the Grant which should then take 6-8 weeks to be issued.

The Grant of Probate (or Letters of Administration) will then be registered with each institution holding assets. The assets will be either transferred or encashed and should take about 4-6 weeks, but this is dependant on each institutions' requirements.

On receipt of funds from the estate, we shall settle any liabilities and seek to pay legacies where appropriate. We will also make interim distributions to the residuary beneficiaries if funds permit. This would usually take place 2-3 weeks after funds have been received.

If the estate contains property we need to deal with that, either by sale or transfer to beneficiaries. We settle any outstanding Inheritance Tax and consider making further interim distributions.

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If a full Inheritance Tax return has been submitted, the Revenue have **12 weeks** in which to raise enquiries. Any enquiries must be dealt with.

We also need to finalise the Inheritance Tax position, which may include dealing with the District Valuer, submitting a Corrective Account for any changes in values since the original Account and applying for any reliefs for losses on sale of shares and/or property and obtain clearance. Again, timescales are very much dependant on HMRC, but generally this can take **3-4 months**.

Once all funds have been received and bills paid we can deal with the tax reporting for income and capital gains arising in the period of administration of the estate, prepare Tax Deduction Certificates for beneficiaries and obtain clearance from HMRC. HMRC can take around **3-4 months** from the time everything else has been dealt with in an estate to confirm clearance of the estate administration tax period.

We would also produce Estate Accounts at this time and obtain the Executors approval of them.

As soon as clearance for the estate administration tax period has been received, final distributions can be made.

Please note that the above timescales are for guidance only. Every estate is unique and the nature of the assets can result in matters being dealt with more promptly or potentially taking longer. We can advise further on this on an individual basis.

CONTACT US

If you want to discuss any aspects of Estate Administration, please contact our expert team on 01202 525333 or email wills@ellisjones.co.uk.

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