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- **A Deed of Variation rewrites the Will**

A Deed of Variation is a document which effectively re-writes the terms of a deceased person's Will or redistributes the estate in a case of intestacy. The Deed must be in writing and completed and signed before two years has elapsed from the date of death.

DEED OF VARIATION FOR TAX PLANNING

If you are considering inheritance tax saving opportunities for your family and you are a beneficiary of an estate, a Deed of Variation can be prepared. By leaving your share from the estate to your children, the benefit which you were due to receive does not form part of your own estate for inheritance tax purposes. Even if you were to die within seven years of the transfer to your children, it would not be counted as a gift on which inheritance tax would have to be paid.

BUSINESS ASSETS

A Deed of Variation could be used as a tax saving method in relation to business assets. For example, where a person has died leaving a family company or business shares to his wife and his savings and other assets to his children tax may be saved. If a Deed of Variation was prepared to leave the business assets to the children and the savings to the widow then there would be no inheritance tax to pay as shares in a business can be free from inheritance tax because they qualify for business property relief and any assets passing to the wife would be spouse exempt. The widow could then use the cash to buy the shares from the children and therefore both the children and the wife would have the assets as originally intended but inheritance tax would be saved.

Contacts

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