



**Matplus Chartered
Accountants**

Tax Strategy Specialists

PROTECT YOUR LEGACY: INHERITANCE TAX & ESTATE PLANNING

**MATPLUS CHARTERED
ACCOUNTANTS**

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WHAT IS INHERITANCE TAX (IHT)?

Inheritance Tax is charged at 40% on estates above the threshold:

- Nil-Rate Band: £325,000
- Residence Nil-Rate Band: +£175,000 (if leaving home to direct descendants)

Everything above this = taxed at 40%

Common Triggers for IHT Exposure:

- Owning a home worth £500k+
- Business or farming assets
- Investments or rental properties
- Life insurance paid to estate
- No formal Will or succession plan

HOW WE HELP YOU PLAN SMARTLY:

Our role is to help you understand your position, spot the risks early, and put practical, tax-efficient solutions in place – tailored to your goals, your family, and your future. Some methods we employ, but not restricted to:

Gifting Strategies

Make lifetime gifts that work – using the 7-year rule, annual allowances, and PETs the right way.

Will & IHT Alignment

We work with solicitors to ensure your Will is tax-smart, not just legally sound.

Business Relief & Trusts

We use tax-efficient structures like Business Property Relief, discretionary trusts, and family investment companies (FICs).

Asset Restructuring

Organise how property, shares and pensions are owned – for max efficiency and minimum stress.

DISCRETIONARY TRUST



What Is a Discretionary Trust?

A discretionary trust is a legal structure where assets (like cash, property, or shares) are transferred into trust and managed by appointed trustees. The trustees control how and when funds are distributed to a pool of potential beneficiaries, offering flexibility and protection.

Unlike fixed-interest trusts, beneficiaries of a discretionary trust don't have an automatic right to the income or capital – it's at the trustees' discretion (hence the name).

Why Use a Discretionary Trust for IHT?

- Assets moved into a discretionary trust are generally considered outside your estate after 7 years, potentially saving 40% IHT.
- You retain control (via trustees) without owning the assets directly.
- Trusts are often used to protect family wealth from divorce, creditors, or overspending beneficiaries.

HOW MATPLUS USES DISCRETIONARY TRUSTS

Gift assets up to the £325,000 nil-rate band without triggering lifetime IHT charges.

Use the 7-year rule strategically to cascade wealth tax-efficiently.

Pair trusts with life policies, FICs, or Business Relief-qualifying assets to turbocharge IHT efficiency.

GIFT GIVING



The Basics of Gift Giving and IHT

Gifting is a simple, powerful IHT strategy – but it comes with traps. Here's the need-to-know:

- Annual Exemption: You can give away £3,000 each year IHT-free.
- Small Gifts: Unlimited gifts of up to £250 per person, per year (can't combine with the £3,000).
- Wedding Gifts: Up to £5,000 for a child, £2,500 for a grandchild.

Anything beyond these is considered a **Potentially Exempt Transfer (PET)**. If you survive **7 years**, it's out of your estate. If you die within 7 years, IHT may apply – but taper relief might reduce it.

The Catch:

CGT Applies: Even if no cash changes hands, HMRC treats it as a market-value sale. So you could face Capital Gains Tax (especially on buy-to-lets or second homes).

Deprivation of Assets: If you later need care, gifts might be ignored by local authorities in means-testing.

Reservation of Benefit Rules: If you gift a home but still live in it rent-free, it's still in your estate for IHT.

How Matplus Uses Gifting

We guide you in smart gifting – combining:

- Trusts to shelter larger gifts.
- FICs to retain control and tax efficiency.
- Gift tracking, timing, and documentation to reduce HMRC risk.

FAMILY INVESTMENT COMPANY (FIC)



What's a FIC?

A Family Investment Company (FIC) is a private limited company used to hold and grow family wealth, typically through property or investments. Family members are shareholders; directors (often the older generation) control decisions.

IHT BENEFITS OF A FIC

Control Without Ownership

You can retain voting control while gradually gifting shares (value) to family members.

Growth Outside Estate

Asset growth is outside your estate if shares are held by children or a trust.

Efficient Tax Structure

Corporation tax on profits is often lower than income tax on personal investments.

Protection

Assets are shielded from personal creditors and managed collectively.

SAMPLE STRUCTURE:

Structure	Share Type	Rights
You (& Spouse)	Voting A Shares	Control & Income
Trust / Children	Non-Voting B Shares	Capital growth only

ESTATE READINESS CHECKLIST

- Will - Up-to-Date and Specific



- Lasting Power of Attorney (LPA) - Health & Financial



- Inheritance Tax Plan - Documented & Active



- Trusts - For Protection, Control & Tax Efficiency



- Business & Company Agreements - In Order



- Life Insurance - In Trust



[Click here to access a useful booklet on Business Property Relief changes](#)



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FILL OUR TAX PLANNING FORM IF YOU HAVEN'T ALREADY



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