



## LFB TOP TAX TIPS – MAY 2024

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### The importance of a well-drafted Will

**The risk of relying on homemade wills was highlighted in a recent case where a will was held to be invalid. Even a well-written will must be kept up to date given the possibility of future inheritance tax (IHT) changes.**

#### Invalid will

While there is usually the presumption that the testator will have had knowledge of a will, and will have approved it, a will might be considered as suspicious if:

- It is a homemade Will;
- It is created by a beneficiary;
- It contains spelling mistakes;
- It represents a radical change from a previous will; or
- The relationship between the testator and beneficiary was not close.

In the case of *Ingram and Whitfield v Abraham 2023*, a homemade will would have seen Joanne Abraham's estate inherited by her brother – who drafted the will – rather than her children who were previously the beneficiaries. The homemade will, which also misspelt Joanne's name, was held to be invalid, therefore, her children inherited the estate.

#### Future IHT changes

Although IHT reliefs have remained largely unchanged since the introduction of the residence nil rate band in 2017, future changes cannot be ruled out – especially with an election on the horizon.

The Institute for Fiscal Studies has recommended that three IHT reliefs are cancelled:

1. **AIM shares:** these shares are exempt from IHT, with AIM portfolios – including AIM ISAs – often used to avoid IHT.
2. **Business and agricultural property relief:** although full abolishment might be politically difficult, relief could be capped.
3. **Pension pots:** funds in money purchase pension schemes can currently be passed on to beneficiaries free of IHT.

The lesson here is to review your will regularly, even if it is well-written, because your circumstances, wealth and IHT rules could change.

The Government's guide to making a will can be found [here](#)