



Understanding the changes to Probate Rates

The government has resurrected its controversial probate banding structure, now due to come in from April this year, essentially creating a stealth tax aimed at larger estates.

The new fees for obtaining probate – in England and Wales only – are on a sliding scale rather than a flat fee, based on the value of an estate before inheritance tax (IHT). There are different systems in Scotland and Northern Ireland.

Currently there is a flat fee of only £155 where a solicitor obtains a grant of probate or £215 if it obtained by another person - there is no fee for estates of £5,000 or less.

From April, the 'no fee' threshold is to increase to estates of £50,000 or less, which is good news for the extra 25,000 estates per year that won't pay any fees at all.

However, above this figure the revised fees can be as much as 0.5% of an estate's value.

<u>Value of estate</u>	<u>Probate fee</u>
Up to £50,000	No fee
Over £50,000 to £300,000	£250
Over £300,000 to £500,000	£750
Over £500,000 to £1million	£2,500
Over £1million to £1.6million	£4,000
Over £1.6million to £2million	£5,000
Over £2million	£6,000

The same fees will apply for obtaining letters of administration where the deceased dies without a will.

In a written statement to Parliament, the Parliamentary Under-Secretary for the Ministry of Justice Lucy Frazer MP said: "This new banded fee model represents a fair and more progressive way to pay for probate services compared to the current flat fee and reflects our commitment to protecting access to justice by ensuring we have a properly funded and resourced courts system. We are also confident these fees will never be unaffordable. The cost of the fee is recoverable from the estate and executors have several options to fund it. Moreover, the Lord Chancellor retains a power to remit a fee if he considers there are exceptional circumstances."

For those estates which are hit by the higher fees, banks and building societies will usually release funds up to a certain threshold without requiring a grant of probate - but this will be of little help to estates that are cash poor but asset rich.

There are other possible ways of funding the fee but we recommend that you seek expert advice in order for you to consider the options available.

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