

News Release

November 2011

Surviving Christmas

More family disputes come to lawyers in January than any other month in the year.

We all have so many expectations of Christmas. Therein lies the root of the problem.

A child's expectation is to receive. As maturity arrives, one desires first to give and see joy in the eyes of the recipient and then that one's family should be together in harmony. This ideal is progressively more difficult to achieve. Of course it doesn't help that inhibitions already weakened by blood and affinity are further frayed by tiredness and drink.

This year I hope I can count to ten or more before I speak. Heaven forbid that anything serious happens but if it does, I think I would want to have the problems discussed within the ambit of mediation, where a compromise can be agreed and a solution found. I always stress to my clients that it's better to have something that you can live with, however unsatisfactory, by agreement than something that one can't live with imposed from above.

On the subject of impositions, successive UK Governments since 1984 have been Scrooge-like and not increased the amounts which can be gifted free of Inheritance Tax once. Gifts that can be made at Christmas free of IHT are:

- Small gifts of up to £250 per person per annum.
- Gifts exceeding £250 but totalling less than £3000 in any year. If any part of this annual exemption is unused in one year it can be carried forward to the next year. If it is not then used it is lost. The maximum that can be gifted free of IHT in any two year period is £6000.
- Normal expenditure out of income. Annual gifts of excess income can be made completely free of IHT but take specialist advice first.
- Gifts to qualifying charities of any amount.
- Gifts to spouses and civil partners.

There is nothing to prevent you making gifts which exceed the exemptions, provided you survive seven years after the gift. If you do the gift is tax free. If you do not, then the gift is included when calculating any IHT payable.

Wishing you a prosperous 2012.

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