

BUSINESS LAW

How IHT changes will affect families

Attwells' **JULIET BURTRAND** on new tax rules.



The chancellor has increased the inheritance tax threshold, allowing £1million homes to be passed down to children after death to be free of tax.

As part of George Osborne's emergency budget revealed on July 8 it was announced that, from 2017, there will be a new £175,000 allowance on homes left to children or grandchildren. The new allowance is in addition to the existing £325,000 threshold which will be fixed until the end of 2020-21.

Both allowances can be transferred to your spouse or partner. The new threshold enables people to pass on estates worth up to £1m free of inheritance tax but will not apply to estates worth more than £2m.

Currently, inheritance tax is charged at 40% on estates over the tax-free allowance of £325,000 per person. Married couples and civil partners can pass any unused allowance on to one another. Thousands of home owners have seen the value of their properties soar in recent years, particularly in London and the south east, thanks to a buoyant property market. This has raised concerns for many about the amount of tax their estate will incur after their death. The new budget means that married couples and civil partners will be able to pass on assets worth up to £1m, including a family home, without paying any IHT at all.

What are the rules now?
IHT is currently levied at a rate of 40% on the value of an estate above the tax-free threshold, which has been frozen at £325,000 per person since 2009. Married couples and civil partners are entitled to double the allowance, passing on assets to their children or other relations worth up to £650,000 before a tax charge is triggered.

How will this change?
The Government will add a "family home allowance" worth £175,000 per person to the existing £325,000 tax free allowance from April 6, 2017. This means that individuals can pass on assets worth up to £500,000, including a home, without paying any IHT at all. For married couples and civil partners, the total is £1m.

What if I downsize my home?
Anyone who wants to downsize to a smaller property will be eligible for an "inheritance tax credit" so that even if they sell an expensive property they will still qualify for the new threshold providing the bulk of the estate is left to direct descendants. This is an attempt to encourage pensioners to free up larger properties for growing families.

Business and staff 'do their bit' for Suffolk

If you imagined the corporate world was motivated only by money you'd be wrong. In Suffolk many employees are encouraged to do voluntary work with their employers' blessing, a number of them through Suffolk Community Foundation.

We live in a world where business is very much seen as being about money. It is also, says Suffolk Community Foundation, about corporate responsibility.

Every Tuesday lunchtime AXA Insurance employees Melissa Whiley, Ellen Wright and Carole Coleman have a regular date out of the office. They leave their working world behind for an hour of voluntary work at The Befriending Scheme at The Methodist Church, on Black Horse Lane, Ipswich.

"We help the people there play bingo and then lend a hand when they have lunch. It's really good fun, we wouldn't miss it," said Melissa.

Clearly the adults with learning difficulties who attend feel just as enthusiastic. "Now we've got to know everyone there it takes us about 10 minutes to even get through the doors because everyone wants to say hello and give us hugs," she added.

None of this life-affirming volunteering would have happened if it hadn't been for their involvement with the AXA Panel and the company's charitable fund with Suffolk Community Foundation.

AXA, says Tim Holder, development director at Suffolk Community Foundation, is one of a number of firms making a difference through "corporate giving" schemes and programmes.

"It takes all sorts of people to



■ Ipswich town pastors.

Photo: JOHN FERGUSON

make a difference and it's important that businesses through their hard work, profit and the bottom line, contribute and support the community where we live."

Giving staff the opportunity to get involved in charity and voluntary work through a company scheme also makes "good business sense".

It gives people a sense of well being, helps with team building and the development of skills", he said.

"Companies often get 10 or 20 requests a week from a variety of

different causes asking for help and it's not good for a business to be seen to keep saying no."

Channelling corporate giving through the Foundation means that all that work is done for you, he explained.

"We can find the right kind of organisations for a business to support and help tell their story too."

So how does it work? AXA, explained Melissa, has its own charitable fund with the Foundation, which is added to through a monthly collection across 1,200 employees in its Ipswich and Haverhill Offices.

This allows the AXA Panel, which includes Melissa and other colleagues to make quarterly grants, amounting to about £1,000 to various local charities.

As a result they've been invited to visit various charities including FIND in Ipswich, Sandcastles Playgroup in Haverhill



■ Left, Level Two Youth Project Year 6 Transition to High School session; right, Mike Richards of Birketts
Photos: CONTRIBUTED



"It's amazing when you see how quite a small amount of money can make an amazing difference to a charity

Melissa Whiley

and that's how they came across The Befriending Scheme on their doorstep.

"You might have had a rubbish morning at work and after volunteering you come back and think that life is not so bad," said Melissa.

Ipswich law firm, Birketts, does things slightly differently, said Mike Richards, who chairs the grant-making panel for the business.

The company has a fund with Suffolk Community Foundation, which goes back to 2006, and every year the partners of the firm give £10,000 towards it.

Part is used, he said, to make grants to local charities and the rest forms an endowment to build up a giving



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■ Shirley Mills and Rob Thacker of Pound Gates visit the community playbus; top right, Leiston Library launch; right, Axa's Carole Coleman and Ellen Wright (left and second right) on the company's volunteering scheme.

Photos: CONTRIBUTED

fund for the future.

Suffolk Community Foundation, he says, is amazing - whenever the charity panel meets it presents a list of applications, which have all been carefully screened.

"There are six or seven grants to choose from, they've checked the sustainability of the project and the charity too, which really helps."

Among the charities they have supported are Fresh Start-New Beginnings, for children who are the victims of sexual abuse.

"We contributed towards the cost of employing a business administrator to help the CEO, Diana Porter, with her work in this instance," he said.

They've also helped a Felixstowe project called Level Two, which promotes the welfare of young people - with a transition to high school scheme.

In Ipswich they've supported the Winter Night Shelter for homeless people and also the Town Pastors, which runs a scheme in the early hours of the morning to protect young people who have perhaps overdone the weekend "partying".

"From my point of view in a well-paid career, it's made me realise too that there is so much need out there."

Two other Ipswich-based organisations very actively involved with Suffolk Community Foundation are sister companies Pound Gates Insurance Brokers and Sevatas.

Through their collective "Doing Good" approach staff are encouraged to participate in fundraising events, given opportunities to volunteer with local good causes and generally give back to the communities in which the businesses operate.

Director Del Sharman explained that a couple of years ago they established a fund with Suffolk Community Foundation which they named the Acorn Fund.

Money raised through charity events, monthly dress down days, staff Give As You Earn donations and company donations are paid into the fund for the purposes of awarding grants to small, often over-looked, good causes.

They set up a staff committee, which meets twice a year with the Foundation to decide where to award grants.

"It's sometimes really hard to decide which causes to support because they are all doing such good work and we don't have unlimited funds to distribute."

Another key part of the Pound Gates and Sevatas approach is to give staff the opportunity to visit the causes they have supported through



■ Del Sharman of Pound Gates and Sevatas.

Photo: CONTRIBUTED

the Acorn Fund to see for themselves how the grant has been put to use.

This year Pound Gates is extending its support for Suffolk Community Foundation as one of the sponsors of Suffolk Dog Day. Staff from Pound Gates and Sevatas will also be volunteering on the day.

Meanwhile Greater Gabbard Offshore Winds Ltd in Lowestoft, has created a fund that's quite different in the way it works.

Spokesman Sid Anverali explained that the company established a fund of £150,000 specifically for the people of Leiston and Sizewell because the substation for the offshore wind farm is located there.

The aim of the fund was that it should be distributed over five years.

"So far we have given out £69,000 to 28 local groups which includes £4,000 to Leiston Library for refurbishment."

Gayla Rowling, manager of Leiston Library said: "The grant we received made a huge difference to the library. The money has been used for extensive painting and decorating of the library, as part of a wider refurbishment project.

"We're very grateful for the funding and several customers have been commenting on how good the library looks as a result. The transformation has impressed many people who have told us how bright, airy and modern the library looks now."

■ For more information contact Tim Holder on 01473 602602 or visit www.suffolkcf.org.uk.

■ Suffolk Dog Day take place on July 26 at Helmingham Hall. Visit www.suffolkgogday.com.

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