

Sisters lose final appeal in tax case



Two elderly sisters from Wiltshire have lost their final battle to avoid paying a massive inheritance tax bill after challenging the current rules and demanding equal treatment.

The two sisters, 90-year old Joyce and 82-year old Sybil, have lived together all their lives. They have Willed their jointly owned house to each other but when the first dies the other faces a crippling Inheritance Tax bill. This is because UK law only **exempts** property passed between spouses, and since 2004 for civil partners, and importantly not to cohabiting family members.

The sisters have been battling against inheritance discrimination for 30 years, writing to the chancellor the day before every budget since 1976. They argue that the Civil Partnership Act of 2004 violates Human Rights Convention Articles outlawing discrimination and guaranteeing ‘protection of property’.

Their solicitor said that they believed they deserve the same rights as married couples and those in a civil partnership. They feel they have “demonstrated a relationship that is as committed”.

In 2006 they lost by a 4 –3 majority vote and an appeal to a 17 member Grand Chamber was made last year. **The final appeal heard yesterday marks the end of the road for the sisters.** The verdict means that, when one of them dies, the survivor will have to sell their four bedroom house valued in 2006 at £875,000 to pay the inheritance tax bill.

The dissenting judges in 2006 criticised the UK inheritance tax system stating “both sisters have already attained a rather advanced age, they have been together for several decades and neither has children. It is obvious that the state will be able to collect its tax in full upon the death of the surviving applicant but the state wants to do it twice.” Judge Pavlovschi declared “it strikes me as absolutely awful that, once one of the two sisters dies, the surviving sister’s sufferings on account of her closest relatives death should be multiplied by the risk of losing her family home because she cannot afford to pay inheritance tax in respect of the deceased sister’s share of it. I find such a situation fundamentally unfair”.

After hearing the appeal in Strasbourg the European Court of Human Rights has ruled against them with a more decisive 15—2 decision.

Clearly now an alternative solution must be found, and with careful planning it may be possible for Joyce and Sybil to mitigate the Inheritance Tax via a number of financial solutions.

If Joyce and Sybil had been clients of the English Will Co we would have ensured that they met with an Inheritance Tax specialist financial adviser from our sister company Scott and Casey Financial Management Limited. The adviser being fully versed in estate planning solutions, would ensure that the most suitable financial solution could be found after Will based ones had been explored and exhausted.

Please see “the links” page for further information regarding Scott and Casey Financial Management Limited.