



Styx in your Throat

The ancient Greeks believed that when you died your soul was ferried across the river Styx to Hades. The ferryman was called Charon who required payment for the journey which is why most Greeks were buried with a coin in their mouths.

Unfortunately, today, the Inland Revenue (HMRC) demand much more than a mere coin before you complete your journey.

When someone dies, their estate cannot be distributed until probate has been granted. Once given, a grant of probate enables the executors of the estate to handle the deceased's estate and distribute their assets in accordance with their will. A grant of probate will not be given until any inheritance tax due on the estate has been paid.

Any tax must be paid within 6 months of date of death.

If, however, the executors can't handle the estate until the grant is given, how do they pay the tax bill?



Cash in the bank or Building Society

If the deceased had cash in either a bank or building society it should be possible to arrange with them to pay cash over direct to HMRC. This is called the direct payment scheme.

National Savings

You can do the same if the deceased had savings with National Savings (NS&I). You have to fill in a claim form which is provided by NS&I. You will need to send them documents to prove you can claim. Once done and NS&I have responded, you then need to communicate with HMRC. This all takes some time.

British Government Stock (Gilts)

You can contact the registrars who hold the stock, giving details of the holdings etc and ask them to sell the stock and pay the proceeds to HMRC.

Both of the latter two exercises are time consuming and may not be suitable if the probate bill has to be paid quickly.

Other options

If there is not enough cash to cover the bill, what do you do then?

Some investment companies may offer a service where they will encash investments and send the money to HMRC but these can be time consuming and onerous on the companies and many have now withdrawn the service.

Borrow Wisely

Consequently, the only alternative is for the executors to either borrow the cash from a bank or use their own money or borrow from the beneficiaries. Anything borrowed can be repaid from the estate once probate has been granted.