

Government's probate plan branded a 'stealth tax' and 'misuse of power'

Some grieving families will have to pay thousands of pounds

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November 11 2018, 12:01am, The Sunday Times



Some families will see the administration fee charged on a person's estate rise by 3,771% GETTY IMAGES

The government has been accused of misusing its powers after it ignored objections to its proposals to raise probate fees.

Under a radical shake-up, some grieving families will see the administration fee charged on a person's estate rocket by 3,771%.

Individuals in England and Wales are currently charged £155 to apply for probate via a solicitor and £215 to apply directly. The fee is payable only on estates worth £5,000 or more.

In a move that has been branded a stealth tax, the fee will be banded according to an estate's value from next April. Those worth less than £50,000 will pay no fee but estates valued at £2m or more face a £6,000 charge.

Those with an estate worth £500,000 will pay most as a percentage, with a charge of £2,500 equivalent to 0.5% of estate value. The government has promised no estate will pay more than 0.5%.

Ian Dyall, head of estate planning at the financial planner Tilney, said: “This is essentially a form of stealth tax. There is no reason a large estate is any more costly to administer than a smaller estate so the additional cost is pure revenue-raising.”

The government started consulting on reforms in 2016. There was uproar last year after it proposed to raise the charge to £20,000 for estates worth £2m or more.

Many respondents to the consultation raised concerns. They said fees should not be linked to the size of an estate; that fees should not exceed the cost of delivering the service; that the cost is the same regardless of estate value; and that the proposed fees were “excessive” and “a form of taxation”.

The government insists the rise is necessary to cover the costs of the court service. It hopes the system will raise an extra £145m in 2019-20, compared with £49m from probate services in 2016-17.

Probate fees are charged on about half the estates in England and Wales. Some 260,000 grants of probate were issued last year.

The government said 80% of estates would pay £750 or less in fees and 25,000 estates would pay no fee at all as a result of the changes.

But those paying for £2m-plus estates will see the cost soar by almost 38 times. It is estimated estates charged £1,000 will be paying 400% more than the cost of providing probate.

After last year’s proposals, the House of Lords secondary legislation committee said: “Different groups of customers should not be charged different amounts for a service costing the same.” It added that the proposed fees could arguably amount to a “misuse of the fee-levying power”.

The Law Society said: “It is unfair and discriminatory to expect the bereaved to subsidise other parts of the court and tribunal services.”

Probate costs

Estate value: Up to £50,000

Proposed fee: £0

Estate value: £50,001-£300,000

Proposed fee: £250

Estate value: £300,001-£500,000
Proposed fee: £750

Estate value: £500,001-£1m
Proposed fee: £2,500

Estate value: £1m-£1.6m
Proposed fee: £4,000

Estate value: £1.6m-£2m
Proposed fee: £5,000

Estate value: £2m-plus
Proposed fee: £6,000