

## Valuing Property and Personal Possessions for Probate

When someone dies, their personal representatives will wind up their estate and distribute it among their beneficiaries.

Before a personal representative can begin the process of distribution, they will need to apply for a Grant of Probate. As part of this application, they will need to value the estate and submit the full valuation to HMRC.

HMRC will then be able to determine how much inheritance tax (IHT), if any, is due.

### Which assets need to be valued?

Some parts of an estate are easy to value. For example, any bank or building society accounts can be valued by checking their balance. However, assets such as property and personal belongings can be more difficult to put an exact figure on.

If you are responsible for valuing an estate, you will need to provide a valuation for everything that belongs to the estate. This includes:

- Property (the family home as well as any buy-to-let properties, business premises, second homes or time shares)
- Vehicles (including boats and caravans)
- Art
- Antiques and collectibles
- Jewellery
- Furniture
- Electrical goods
- Clothing
- China and silverware
- Any gifts the person who died gave in the past seven years (assuming the gifts totalled more than £3,000 per year – gifts given for birthdays and weddings are exempt up to a certain amount)

It is particularly important to provide a valuation for any items that are specifically mentioned in the Will.

If an asset was owned jointly by the person who has died and another person (such as a spouse or civil partner), you should divide the value proportionately by their share and include this new sum as part of their estate's value.

## What about estates that are exempt from inheritance tax?

There are certain types of estates that are not subject to inheritance tax. These are known as excepted estates.

An estate might be exempt from paying inheritance tax if:

- The estate is worth under the inheritance tax threshold (currently £325,000)
- Everything in the estate is left to a spouse, civil partner, or charity
- If the spouse or civil partner of the person who has died has predeceased them, and their nil rate band can be transferred (in such cases, an estate could be worth up to £650,000 with no inheritance tax due, and sometimes more if the residence nil rate band can also be claimed)

Even if an estate is exempt, you will still need to complete the inheritance tax forms and submit them to HMRC as part of your application for probate.

## How should property be valued?

Any property that belongs to the estate will need to be valued. If the estate is exempt from inheritance tax, only a simple valuation will be necessary. You could do this by using an online property valuation tool or by seeking advice from a local estate agent.

However, if the estate is liable for inheritance tax, you will need to have a RICS valuation done. RICS is the Royal Institute of Chartered Surveyors and a RICS valuation needs to be done by one of their members in accordance with their valuation standards and rules. Sometimes this is referred to as a 'red book valuation'. You will be able to find a certified surveyor near you using the RICS find a surveyor tool.

## How should belongings and other assets be valued?

To determine how much the chattels belonging to an estate are worth, they will need to be valued. This should equate to what the open market value would be at the time of the deceased's death, as opposed to an insurance or replacement value.

Assets should generally be valued individually unless the assets are related to each other or if they have a greater value as a collection than they would have individually.

As a starting point, it might be helpful to check the records of the person who has died. They may already have valuations of key items for insurance purposes which could help as a starting point. If not, the next step might be to look at online selling sites or recent auction catalogues to see what similar items generally sell for.

## Will you need to consult a professional?

Broadly speaking, there are two types of valuation: formal and informal.

An informal valuation is when an item's value is estimated based on what other items have sold for on the open market. A formal valuation is when a professional, such as an auctioneer, appraises the item and gives a written report on how much it is worth.

Informal valuations are generally sufficient for lower value items. However, we recommend that formal valuations are considered for any individual items worth £500 or more.

You may need to keep in mind that some items might have changed in value as a direct result of the individual's death. For example, if the person who died was an artist or craftsman, any work they produced may increase in value. If you think this may be the case in your situation, we'd recommend seeking specialist advice.

## How Roche Legal can help

Dealing with legal issues can be confusing and stressful. We understand this, and we're always on hand to untangle jargon and offer support.

If you need advice on any of the issues raised in this help guide, please don't hesitate to [get in touch](#). Roche Legal is an award-winning legal practice, offering practical and caring advice.

Roche Legal ©