



Villas and estates

New EU rules about succession came into force on 17 August.

If you own a holiday home on the continent, new EU regulations on cross-border succession could be important to you, even though the UK has opted out of the legislation. The new regulations will allow you to choose for your overseas property to be inherited under the laws applying in your country of 'habitual residence' or nationality. As a result, for example, in theory the English owner of a French villa can avoid the forced heirship rules that would otherwise apply to French assets.

The regulations only affect the succession rules, not estate taxes. Thus the executors of the French villa owner will still have to deal with the interaction between the French 'droits de succession' (at up to 60% for unrelated beneficiaries) and UK inheritance tax (at up to 40%). However, double taxation agreements will mean that, in effect, only the higher of the two tax charges is paid.

As is often the case with new EU regulations, the machinery may not run like clockwork to begin with. There is scope for confusion given that the UK has opted out, but the regulations can still apply to UK nationals by virtue of their ownership of foreign property.

If you have property in the EU, you should contact your legal advisers to discuss what action you should take. It may also be sensible at the same time to review your UK will and talk to us about your estate planning, given the latest freeze in the nil rate band (to April 2021) and reforms to trust taxation.