

McCormicks Briefing

Autumn 2019



Inheritance Tax changes?

Knotty problem

Awards launched



McCormicks
SOLICITORS

The Inheritance Tax rules were introduced more than 30 years ago and have since been amended piecemeal by various Acts of Parliament. Our head of Private Client, Partner Elaine Lightfoot, looks at the current status of potential changes to the rules.

Changes on the cards?

In January 2018, the Chancellor asked the Office of Tax Simplification (OTS) to review Inheritance Tax and make recommendations to simplify the rules and procedures. The OTS published an online survey inviting members of the public to contribute their views on Inheritance Tax, as well as meeting with representative bodies, professionals and academics. Following an unprecedented response, the OTS had to split its evaluation in two. The first part published in December 2018, focussed on administrative issues. The second part published in July 2019 dealt with the technical and design issues of IHT.

Inheritance Tax is paid primarily on the estate (the property, money and other possessions) of someone who has died. Everyone has an amount that they can leave or give to others tax free; this is known as the nil rate band (NRB) and is currently set at £325,000 (or higher if using the transferable nil rate band). There were no recommendations by the OTS to alter this threshold.

The OTS does however suggest merging the maze of Lifetime Gift categories into a single allowance, together with reviewing both the business property relief and agricultural property relief rules and interaction with capital gains tax.

Most gifts you make to other people during your lifetime are classified as "potentially exempt transfers" or PETs for



short. If you die within seven years, the value of the gift will be added to your estate and reassessed against other PETs you have given and your tax-free allowance. There may be Inheritance Tax due on gifts made during the seven-year period prior to the death of the person making the gift, although the rate may be reduced depending on when it was given and the circumstances by applying taper relief. Currently, if tax does become due on a PET, the person who received the PET will be asked to pay the tax. In its report, the OTS suggests shortening the time limit for taxable gifts to five years, abolishing taper relief and that the estate should be liable

for paying Inheritance Tax on gifts.

Exemptions relating to businesses and farms were evaluated considering trading activity rules, how indirect non-controlling holdings in trading companies are treated; considering whether to align Inheritance Tax rules on furnished holiday lets with rules for income tax or capital gains tax.

There is much confusion surrounding interaction between the various tax regimes: Generally, if you inherit an asset, you can sell it shortly afterward without needing to pay capital gains tax. This is because HMRC looks at the asset's market value when you receive it,

rather than the price the deceased originally paid for it.

Recommendations also suggest that term policies should be exempt from IHT regardless of whether they are written in trust.

At this stage the OTS report only makes recommendations, so the current rules have not changed. As the Inheritance Tax regime changes regularly, expert legal advice is essential to ensure your estate is Inheritance Tax efficient. We can advise you on how to navigate the complex web of IHT reliefs and exemptions applying a wide range of tax planning measures to reduce Inheritance Tax liability.

Partner Elaine Lightfoot heads our Private Client team.

Her areas of expertise include Wills, Trusts, Settlements, Inheritance Tax Planning, the Administration of Estates and Trusts of all sizes and complexities, together with Lasting Powers of Attorney and Court of Protection matters. Elaine also advises in respect of care home fees planning.



Elaine Lightfoot

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The Autumn edition of the Briefing

Welcome

As you would expect from a firm which continues to receive awards for its work in Sports Law, we have enjoyed the summer's sporting triumphs across a range of events.

Indeed, never before has the McCormicks household had to employ three different devices to watch three sporting events simultaneously as happened on "Super Sunday" in mid July when the Wimbledon final, British Grand Prix and the last minutes of the cricket World Cup coincided spectacularly!

We have watched the England Lionesses in the World Cup, seen the Netball World Cup hosted in this country and, once again, enjoyed the Tour de Yorkshire in our district.

And, while we were disappointed that our friends and clients, Leeds United, narrowly missed out on promotion, we hope sincerely that they will go one better this season and gain a place in the Premier League.

There has also been a sporting triumph close to our hearts from Yorkshire Young Achievers Foundation award winner and grant

recipient Jessica Mayho, who is now British Athletics Champion in hammer throwing and about whom you can read more in this issue.

We are now looking forward to the UCI Championships which come to Harrogate towards the end of the month and will once again focus the attention of the world's media on Yorkshire.

Whatever is happening in the wider world, sport never fails to provide a boost to thousands of people. We are glad to be part of the "machinery" that makes it happen on so many different levels.

Peter McCormick



Peter McCormick

Two of the firm's key support staff have been promoted.

Two Promotions and New Face

Sonia Jones becomes Partnership Executive, with responsibility for management and human resources.

She retains her role as Executive Assistant to Senior Partner Peter McCormick.

Since joining the firm in 2007 she has become first point of contact for many of Peter's clients.

Sonia is key to the firm's effective internal communications and also plays a part in external marketing initiatives, such as McCormicks events and the Briefing.

She also assists with the practice's

charitable work, most notably the firm's flagship charity, the Yorkshire Young Achievers Foundation. She became a Trustee of the Foundation in 2012, having previously supported the charity as Secretary to the Trustees, and continues to fulfil both duties.

She deals with regulatory compliance as well as the organisation and marketing of events, such as the Yorkshire Young Achievers Awards Gala Dinner every November.

Mathew Chaplin becomes Finance Executive, having responsibility for

financial accounting procedures and general office administration.

Mathew is a member of the Association of Accounting Technicians and in December of 2017 became an Associate member of the Institute of Legal Finance and Management.

Alice Barrott joins the practice as Receptionist. Alice will also work with the Marketing team and will join the Yorkshire Young Achievers Foundation committee, helping to organise the annual Awards dinner as well as with the day-to-day running.



Sonia Jones



Mathew Chaplin



Alice Barrott

McCormicks was proud to sponsor an outstanding session at the Theakston Old Peculier Crime Writing Festival in July when 300 million selling James Patterson was interviewed by broadcaster Mark Lawson.

Criminal activities

The American novelist also took the Award for Outstanding Contribution at the opening night of the Festival, which saw

Steve Cavanagh revealed as the winner of the Theakston Old Peculier Crime Novel of the Year Award for "Thirteen".

The McCormicks table at the Murder Mystery Dinner was also on top form, winning the game with the help of guest author Caro Ramsay.



In the spotlight is Outstanding Contribution Award winner James Patterson, interviewed by broadcaster Mark Lawson.

Legal Assistant Tiffany Jackson has been awarded a Training Contract with the practice.

Tiffany wins training contract

Tiffany joined McCormicks more than a year ago and assists Head of Commercial Property, Heather Roberts, in acting for a broad range of clients, dealing primarily with commercial landlord and tenant matters, asset management and sales and purchases across a variety of sectors

including retail, industrial and agriculture. She also assists in Property Litigation work and in the property side of some Estates and Trusts work.

Tiffany graduated with a degree in Law and completed her legal studies at the University of Law in Leeds.



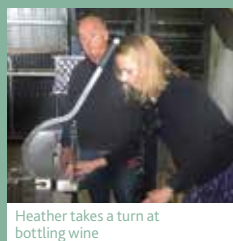
Tiffany Jackson

The Yorkshire Young Achievers Foundation has benefited to the tune of a massive £38,000 from the proceeds of the Yorkshire Charity Clay event held at Duncombe Park in May.

Charity clay contribution

The Foundation was one of six charities chosen to benefit from the two-day event, which sees teams competing for the honours across six clay pigeon drives.

Chairman Peter McCormick said: "We were delighted to make it through the rigorous selection progress and we are even more delighted to receive such a tremendous amount, which will ensure we can continue to help young people from right across Yorkshire."



Heather takes a turn at bottling wine

A taste of an award-winning Yorkshire sparkling wine was one of the treats on offer when clients and friends gathered at the Yorkshire Heart Vineyard for the latest in our series of Out of Office events.

Sparkling Event

The Vineyard is run by Chris and Gillian Spakouskas who started it as a hobby but, due to successful expansion, eventually gave up their milk round business to run the vineyard as a commercial venture.

vines themselves and Chris explained how they are nurtured and eventually harvested when the time was right.

There were tastings of three more of the Yorkshire Heart

Wines, a rosé, a white and a red before guests were given a tour of the machinery used in making and bottling the different wines and learned more about the fermentation process.

While guests enjoyed their first glass of Yorkshire Heart wine, Chris regaled them with stories of the history of the vineyard and explained how the family came to be winemakers. Guests also got to see the



Chris Spakouskas explains the bottling process to Partners Heather Roberts and Peter Minnikin

Yorkshire Young Achievers Awards winner and grant recipient Jessica Mayho has gone two better – becoming British Athletics Champion in Birmingham shortly after achieving the England Senior Champion title for the first time.

Smashing it!

Competing in the England Championships in a very soggy Manchester, she threw a personal best of 65.18m which landed the title as well as moving her to ninth in the UK on the all-time record and strengthening her 2019 second place ranking.



Jessica Mayho, 2018 Special Award winner and now British Athletics and England Senior Champion

McCormicks' Property team is practiced in dealing with all kinds of issues but one, in particular, has proved a challenge for both residential and commercial property owners and buyers.

Knotty problem

Japanese knotweed is notorious for its fast growth, through its underground roots or rhizomes. It is also notorious for the lengths and expense required to eradicate it. Recent scientific studies now even question whether it can in fact ever be truly eradicated.

Knotweed can block drains, grow between slabs of concrete drives, disrupt brick paving, undermine garden walls, and overwhelm outbuildings and conservatories.

It is something that all owners and prospective developers of property of whatever type (residential and commercial) need to be aware of and vigilant for at all times, including on your own land and land in the immediate vicinity of your own.

In important developments in the law over the last two years, Network Rail (one of largest land owners in the country) has been found to be in breach of duty for causing a continuing nuisance and damage to parties who owned property adjacent to Network Rail Land on which Japanese knotweed was present.

The Court of Appeal decision in the Network Rail case is a major warning to developers and owners to ensure that any Japanese knotweed they find on their land is treated appropriately. If Japanese knotweed spreads, a developer could be liable for their neighbours' costs for dealing with the knotweed and a reduction in the value of their neighbours' land even if the neighbours' land or property on it has not actually been damaged in any meaningful way.

The controversial aspect of the recent Court of Appeal ruling is this. The court ruled that physical damage was not necessary to give rise to an actionable nuisance. The Court of Appeal found that there did not need to be a reduction in the value of the two neighbours' properties from the knotweed. Only the "mere presence" of knotweed was required on the neighbours' land to give rise to a court claim. This presence had

a regrettably common occurrence in our experience.

Network Rail had to pay the costs for treating the knotweed and the reduction in the value of the neighbours' properties. Such reductions can range from three per cent to approximately ten per cent of full market value and so can be very significant sums of money indeed. We have seen five figure damages sums payable in multiple cases.

transferable guarantee that the Japanese knotweed will not return within a minimum of 10 years from treatment. The treatment company must obtain all the necessary permits for treating and disposing of the knotweed. Further information for treating knotweed is available from the Environment Agency website.

The message from the courts is clear: Japanese knotweed must be treated appropriately or there will be legal

consequences.

Our dispute resolution team has recently settled multiple cases in this area on favourable terms. We work alongside leading scientists and horticulturalists in this field and are well placed to assist with queries of any kind in this area.

If you have any concerns about this issue, please contact Philip Edmondson, Heather Roberts, Will Bates or Kim Stockburn for early advice.



Heather Roberts



Philip Edmondson



Kim Stockburn



Will Bates

made that land more difficult to develop and increased the risk of future damage from the knotweed.

Network Rail was aware of the Japanese knotweed and its impacts and failed to reasonably prevent it spreading on to its neighbours' land. The court found that its treatment plan was inadequate and such findings are more likely given the new evidence coming to light about the onerous treatment levels which might be required to control if not eradicate infestations. This misunderstanding of what is required is

Appropriate due diligence enquiries should be raised to check if Japanese knotweed is present on any site you intend to purchase or develop. However, knotweed may be on a neighbouring site instead, and a site visit by a specialist surveyor may be required, particularly at sites that are higher risk.

If you find that Japanese knotweed is present on land in which you have an interest or are thinking of acquiring an interest, make sure your treatment plan is carried out by a specialist company which provides an insurance-backed

McCormicks has won a series of new plaudits in business publications in recent months.

New recognition

Senior Partner Peter McCormick was recognised as Best Lawyer for Sports Law, a title he has held continuously since 2009, by Best Lawyers.

He was also named the UK's Leading Sports and Entertainment Lawyer of the Year in the Acquisition International 2019 Legal Adviser Awards and was selected in

the same category for recognition in legal guide "Who's Who Legal".



Peter McCormick

Some 2018 winners lined up to help us launch the 2019 Yorkshire Young Achievers Awards this spring

Searching for Young Achievers

Nine-year-old Maisie Catt, last year's Youngster of the Year, and Cameron Osburn who was the Unsung Hero of 2018 joined us for the daytime launch at ITV Yorkshire, where they were interviewed by our Patron and supporter, Duncan Wood.

Special Award winner Jessica Mayho joined us for the evening reception, held at the West Park Hotel, Harrogate, through the support of Provenance Inns and Hotels.

The Awards, celebrating their 27th anniversary, have been sponsored by McCormicks since their inception and mark the achievements of outstanding young people aged under 35 from across the Yorkshire region.

They have raised more than £1.25 million to support young people in Yorkshire, with grants made to both individuals and organisations supporting them, including sportspeople, those involved in the arts and disabled youngsters.



Launching the 2019 Awards are, from left, Duncan Wood, Maisie Catt, Yorkshire Young Achievers Foundation Vice Chairman Richard Stroud and Cameron Osburn



Simon Nabarro, Mary Taylor, Sue Cameron-Bell and Jez Carter

This year's Awards Dinner takes place on Thursday 7 November at the Leeds United Centenary Pavilion and tickets are available by visiting www.yorkshireyoungachievers.co.uk

Awards Chairman Peter McCormick said: "We were delighted to see so many of our sponsors and supporters at the Awards launch and we look forward to welcoming them to the dinner too. It will be a great night as always!"



Dorothy Weaver and Wallace Sampson



Dipesh Mistry, Jessica Mayho, Chris Vass and Charlie Bowling



Christine Hamilton-Stewart and Kathryn Apanowicz



Jan Fletcher OBE and Kathryn McCormick



Jez Carter and Mary Taylor



Emma and Stephen Mills with Support Dog Willow



Jill Blundell, Wallace Sampson, Chris Blundell and Rachel Bowles



Trish Daniels and Stephen Burrwood



Irving Weaver and Philip Edmondson



Helen Prince, Kathryn McCormick and Sharon Canavar



Clair, Rhys, Cameron and Robin Osburn



Dr Avi Shivtiel and Robert Dyson

Surviving domestic abuse is a painful and traumatic experience for anyone, but for one of our Family team, Solicitor Carol Hancock, it has given her a unique insight into the issues faced when families break apart and children are involved.



The Survivor Diaries

Carol has used her own experiences to create The Survivor Diaries, designed to help anyone who has undergone domestic abuse to explore their experiences and their effects on mental health and to get guidance on what they can expect when going through the Family Courts to resolve issues around children.

In the diaries, on YouTube and Facebook, she shares her own very personal accounts of what happened to her and believes the decision to be open about her experiences has empowered her to both come to terms with what happened and seek the best ways for a positive outcome for her

and her family.

The result is a powerful series of vlogs and a closed Facebook group with more than 200 members, who are benefiting from Carol's own experiences of both domestic abuse and the court system as both a lawyer and a mother.

Carol said: "It is safe to say that this is a subject very close to home for me. I originally made the career change into law because of it. But even as a family lawyer, my own situation with child arrangements continued to be extremely difficult. They were just used to continue abuse.

"This was to such an extent that I became ill

in November. Shortly after, the channel was developed by me and my partner, Paul, who is the co-producer of the Survivor Diaries. Paul has experienced the difficulties throughout with me, albeit second hand. He is also very good at editing.

"The channel helped me to heal from that illness, initially. However, as I spoke with more and more people through the SD channel, who were experiencing child arrangements where there has been domestic abuse; it only confirmed my view as a solicitor, which is that abuse will always continue through the arrangements, unless it is dealt with by the perpetrator.

"It also confirmed that the family courts are not consistent in their approach to domestic abuse. With the difficulties in Legal Aid, many parents are struggling to present their case in person and engage the Practice Direction that the courts must follow where domestic abuse is alleged.

"The channel sets out general advice for people experiencing those difficulties with this area of law, as a free resource. The feedback so far has been excellent, with the videos being described as a 'lifesaver' on many occasions. We are very proud of the channel."

Follow Carol and the Survivor Diaries on Twitter @ Carol_Hancock1 or on

Facebook at Survivor Diaries or on YouTube.

Please note that Carol cannot give specific advice on the social media platforms but is very happy to hear from anyone who believes she might be able to assist them on 01423 530630 or at c.hancock@mccormicks-solicitors.com.



Carol Hancock

OUR EXPERTISE



McCormicks offers the full portfolio of legal services to all forms of organisation including businesses, charities and sporting bodies, together with private individuals. The firm offers expertise in all areas of corporate and commercial work whilst maintaining a commitment to the personal client in areas such as rural property, tax, trusts, probate, family matters and crime.

Charities & Community

- Charities
- Not For Profit

Corporate & Commercial

- Acquisitions and Disposals
- Banking and Finance
- Commercial Agreements
- Competition and EU Law
- Corporate Crime, Fraud and Risk
- IT and Data Protection

- Insolvency and Bankruptcy
- Intellectual Property
- Partnership and Company Law
- Regulatory and Disciplinary

Crime

- General Crime
- Corporate Crime, Fraud and Risk
- Dispute Resolution and Litigation
- Commercial Disputes
- Mediation and Arbitration
- Partner/Shareholder Disputes
- Property and Construction
- Reputation Management

Employment

Family & Matrimonial

- Children
- Matrimonial

Insolvency & Bankruptcy

Mediation & Arbitration

Property

- Agriculture and Estates
- Commercial Property
- Development and Regeneration
- Residential Property

Sport, Media & Entertainment

- Employment
- IT and Data Protection

- Insolvency and Bankruptcy
- Intellectual Property
- Media and Entertainment
- Mediation and Arbitration
- Regulatory and Disciplinary
- Reputation Management
- Sponsorship
- Sport

Tax, Trusts, Wills & Estates

- Agriculture & Estates
- Care of the Elderly
- Tax and Trusts Disputes
- Trust and Tax Planning
- Wills and Probate

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