

“Change” in the Administration of Estates

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Does anyone still remember that back in the eighties it was necessary to lodge vouchers for each and every asset and liability? Younger estate practitioners do not realise how fortunate they are to not have to go through that. And what is more those vouchers were scrutinised with care – every single thing had to be correct, or a query would follow.

Another thing that has certainly changed is the volume of paper required to administer an estate, and we are supposed to be moving to a paperless society! I recall an average estate file in the eighties was around 5cm thick, but now that FICA, FAIS and the Firearm Control Act have been introduced and files are now on average 12cm thick.

I am sure some of our more mature readers will recall the devolution of the Section 4A rebate, where from 1955 up to 31 March 1971 the rebate increased annually from a base of R4000 per child and R10 000 per spouse to R12500 per child and R25000 per spouse until March 1971, and in those days, the rebate was not deductible for estate duty purposes, but only the duty that was calculated on the rebate was deductible. From April 1971 to 15 March 1987 the rebate was R100 000 for a spouse and R80 000 per child and then on 16 March 1988 the rebate increased to R1million rand and many people thought no estate duty would ever be paid again because of this massive increase. Well, inflation crept up and to cut a long story short, on 1 March 2002 the primary rebate went up to R1 500 000, on 1 March 2006 to R2 500 000 and on 1 March 2007 to date, R3 500 000

And then of course, there is the recent roll-over of the abatement allowing the effective carry-over of any portion of the section 4A abatement not required in the first dying's estate to the survivor's estate, making it possible to have a rebate of R7million in the survivor's estate.

Does anyone still remember having to apply for a release by the Master before being able to sell any shares in an estate? Section 21 of the Estate Duty Act required all estate duty to have been paid or secured attributable to quoted shares before the Master could release them for the executor to be able to deal with them. Luckily this was repealed in 1985.

Municipal and Escom Stocks were deductible ; policy proceeds were deductible; massing was the flavour of the day; Master's fees in the early days consisted of an Estate Fee, a Binding Fee and a Taxing Fee; Landbank Valuations had to be obtained, Mineral Rights had to be valued; and share valuations still automatically declared whether the valuation was cum dividend or ex dividend ; tombstone costs were not allowed as a deduction for estate duty. So much has changed in our work

since then - a new Companies Act, the introduction of the spousal deduction (section 4(q) of the estate duty act, the introduction of Capital Gains Tax, FICA, FAIS, Close Corporations came and went, and to reflect on it all would require more space than I have available for this article!

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Membership is drawn from trust companies and banks, as well as the legal, accounting and financial planning professions.

Activities of FISA members include but are not restricted to the drafting of wills, administration of trusts and estates, beneficiary funds, tax and financial advice and the management of client funds.

FISA has over 700 individual members, who collectively manage in excess of R260 billion. They draft several thousand wills each year and administer around 50 percent of deceased estates reported to the Master's Office.

FISA helps to make processes smoother for members and the public, particularly through its good working relationship with the Master's Office and SARS.