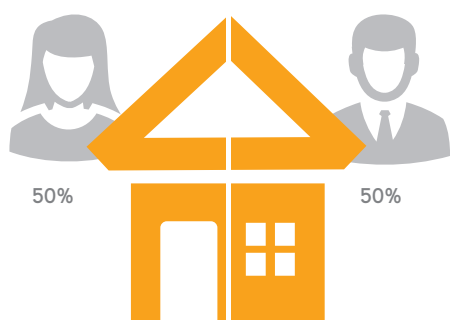




Tenants in common vs Joint tenants

AN ASSET OWNED BY MULTIPLE OWNERS (MOST COMMONLY REAL PROPERTY) CAN BE HELD AS TENANTS IN COMMON OR JOINT TENANTS

TENANTS IN COMMON



Each owner holds their discrete share of the asset outright

The percentage interests of each owner can be unequal (i.e. they need not be 50% – 50% as long as the total of all interests equals 100%)

When a tenant in common dies, the owners' ownership interests remain unchanged

The deceased owner's share in the asset passes to the beneficiaries nominated in their will, or in accordance with the intestacy laws

JOINT TENANTS



The owners share ownership of the asset equally i.e. each owner effectively owns the whole asset

Together all owners own 100% (i.e. there are no separate interests)

When a joint tenant dies, the remaining owners acquire the deceased owner's share automatically

The deceased owner cannot pass their share of the asset under their will, as it automatically passes to the remaining owners. This means the last living owner is entitled to gift 100% of the asset in their sole discretion

SUMMARY

Owning an asset as tenants in common or as joint tenants can have significant consequences for estate planning and asset protection arrangements.

However, it is relatively straightforward to convert ownership from joint tenants to tenants in common, and vice versa. There should be no tax or stamp duty consequences of a change so long as the tenants in common ownership structure is such that each owner has an equal percentage. There are however Government registration fees payable.

The above summary is based on the law as at 1 January 2015.

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