

What does 'Tenants in Common' and 'Joint Tenants' mean?

When two or more people share the ownership of a property, there are two ways in which the 'Joint Ownership' can be held:-

- as 'Joint Tenants' (or 'Beneficial Joint Tenants')
- as 'Tenants in Common'

Joint Tenants (or Beneficial Joint Tenants) : With this arrangement, all co-owners effectively own 100% of the property while they are alive and 0% of it if they die leaving a survivor. This means that if two people own a property as Joint Tenants and one of them dies, the survivor automatically becomes the sole 100% owner of the property and the deceased (and the deceased's estate) owns 0%. This means that the deceased cannot leave the property in his/her Will - as he/she no longer owns any interest in it.

Note that unfortunately this arrangement only applies to ownership, and not to Inheritance Tax (IHT). For the calculation of IHT, in the above example the survivor is deemed to have inherited 50% of the property.

Tenants in Common: With this arrangement, each co-owner owns a specific share of the property, with the shares adding up to 100%. This means that if one of the co-owners dies, his/her share of the property becomes part of his/her estate and he/she can dispose of it howsoever he/she pleases.