



Deceased Estate & Executor Valuations

Estate Administration and CGT Cost Base | Accredited Business Valuations by InteléK

When a deceased estate includes a business, company interest, trust interest or other asset without a readily observable price, the executor cannot distribute, sell or account to beneficiaries without knowing what those assets are worth. InteléK's accredited valuation specialists prepare independent valuations for executors, administrators and estate solicitors — built to protect the estate, the executor, and the beneficiaries.

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Why Executors Need Independent Valuations

An executor holds the deceased's assets for the beneficiaries and must administer the estate properly. Where the estate includes a business, company interest, trust interest or any asset without a readily observable price, independent valuations do work in several directions at once — and the executor's exposure for getting this wrong is personal.

Executor Liability

An executor who distributes on a wrong value, sells at an undervalue, or cannot substantiate figures may be personally liable to the estate.

CGT Cost Base

The date-of-death valuation fixes the cost base the beneficiary inherits — determining tax payable on a sale that may be many years away.

The Solution

An independent valuation obtained at the right date, before distribution, costs a fraction of the disputes and tax consequences it prevents.

DATE OF DEATH

When a Valuation Is Required

The primary valuation date is the **date of death**. The estate's assets are valued as at the date of death for administration purposes, and this is the date that fixes the CGT position for most inherited assets. A valuation is generally needed where the estate includes any of the following:

A valuation is also required at **distribution or transfer** where assets have moved materially since death, on any **sale to a beneficiary or related party** to protect the executor from an undervalue claim, and for **family provision claims and contested estate proceedings** where the valuation becomes expert evidence.

Assets That Require Valuation

Business & Company Interests

A business, professional practice or partnership interest; shares in a private or unlisted company; units in a private unit trust or an interest in a discretionary trust.

Property & Real Assets

Real property including business premises and investment property. Listed securities and cash need no valuation – everything else generally does.

Specialty Assets

Intellectual property, royalty interests or licences; loans receivable particularly to related parties; collectables, artwork or other specialty assets.

SMSF Unlisted Assets

Interests in self-managed superannuation funds where the fund holds unlisted assets – a private company interest, business real property, or a related unit trust.



Distribution, Transfer & Sale to Beneficiaries

Where an asset is distributed in specie or transferred between beneficiaries, its value at the date of transfer matters for the fairness of the distribution and for the beneficiaries' own CGT positions. Where administration takes a year or more, the date-of-death value may no longer reflect what beneficiaries are actually receiving.

❏ **⚠ Critical Warning:** A sale of an estate asset to a beneficiary or related party lacks the arm's length character that would ordinarily establish the price. Without an independent valuation, the executor is exposed to an undervalue claim — and it is the evidence the ATO would look for if the transaction were reviewed.

CGT and the Deceased Estate

Death itself does not usually trigger CGT. A capital gain or loss arising on death is generally disregarded where the asset passes to the legal personal representative or to a beneficiary. What happens instead is that the recipient inherits a cost base determined by the rules — and which rule applies depends on when the deceased acquired the asset.

The tax analysis should come first, because it determines whether the date-of-death valuation is the beneficiary's **cost base** or merely an **administration figure**. Both the valuer and the tax adviser are needed — the valuer provides the value; the tax adviser determines which rule applies.



Pre-CGT vs. Post-CGT Assets

The CGT treatment of inherited assets turns entirely on when the deceased acquired the asset. For **post-CGT assets** (acquired on or after 20 September 1985), the beneficiary generally inherits the deceased's own cost base – the historical cost rolls over rather than resetting to the date-of-death value. The valuation is still essential for administration, but it does not determine the tax.

For **pre-CGT assets**, the beneficiary generally takes a cost base equal to the **market value at the date of death** – making the date-of-death valuation directly and permanently consequential. Every dollar of that valuation is a dollar of future capital gain avoided or incurred.

- Post-CGT assets: deceased's cost base carries through
- Pre-CGT assets: date-of-death value becomes cost base
- Main residence: full or partial exemption, own rules apply
- SMSF unlisted assets: separate valuation exercise required

20 Sep

Pre-CGT Cutoff

Assets acquired before this
1985 date take market value at
death as cost base

\$0

CGT on Death

Death itself generally does not
trigger CGT – gain or loss is
disregarded

Years

Long-Term Impact

A pre-CGT asset may not be
sold for decades – the date-
of-death value determines the
tax then

The Business Without Its Principal

The most difficult problem in estate valuation, and the one with the largest effect on value. Where the deceased was the business, the value at the date of death must reflect the fact that the person who generated the earnings is no longer there.

Personal vs. Commercial Goodwill

A sole practitioner may have little transferable value beyond net tangible assets and WIP. A business with employed managers, systems and contracted revenue may retain most of its value.

Key Person Risk Crystallised

Even where goodwill is commercial, the loss of the principal may damage the business – customer relationships in transition, staff uncertainty, loss of a licence held personally.

Key Person Insurance

Where key person insurance was held, its proceeds form part of the estate or the company's assets depending on ownership structure – interaction with business value must avoid double counting.

Valuation Considerations Specific to Estates

1

Date of Death Valuation

The valuation is as at the date of death on what was known or knowable then. Subsequent events can inform what was foreseeable – but hindsight cannot simply be read back into the value.

2

Minority Interests in Family Companies

Whether a minority discount applies is genuinely contested. A parcel sold outside would attract one; a parcel distributed to a beneficiary who holds the balance argues the other way. Both bases should be quantified where material.

3

Assets Held Through Structures

A discretionary beneficiary has no proprietary interest in trust assets – what passes through the estate may be control of the trustee company or an appointor power. This is a legal question the solicitor must resolve before scoping.

4

Restricted & Illiquid Assets

Shareholder agreements with pre-emptive rights or compulsory transfer provisions triggered by death, partnership buy-out formulas, and constitutional restrictions all affect what the interest is worth and to whom.

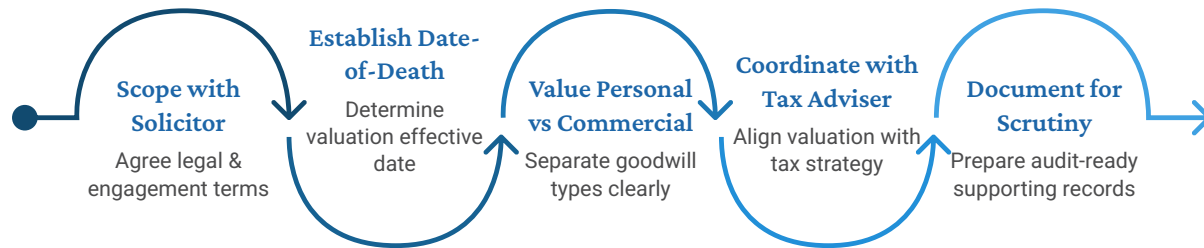
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Shareholder Agreement Price vs. Market Value

A binding buy-out mechanism may determine what the estate receives for administration purposes – but market value applies for tax purposes. The two can differ substantially.

InteleK's Approach to Estate Valuations

Our accredited valuers prepare independent valuations for executors, administrators and estate solicitors. Every engagement is structured around the legal and tax framework before the valuation is scoped – not after.



Our proven approach ensures the valuation answers the question that actually matters – whether for administration, CGT cost base, distribution, or contested proceedings.



What Sets IntelleK's Process Apart



Valued at the Right Date, Properly

Date of death for administration and CGT, and at distribution or transfer where those matter separately. Where records are incomplete, we say what we could and could not establish — not a reconstruction presented as contemporaneous.



Minority Discount Reasoned & Quantified Both Ways

Where an estate holds a minority parcel in a family company, we address whether a discount is appropriate on the facts and, where material, provide both bases so the executor and solicitor can take an informed position.



Personal vs. Commercial Goodwill, Assessed Honestly

Whether the business retained value without the deceased — analysed by reference to how clients contracted, whether other managers existed, what contracted revenue survived, and what the market for comparable businesses pays.



Documented for Later Scrutiny

Estate valuations are examined years afterwards — by a beneficiary, by the ATO on an eventual sale, or in a claim against the executor. Every assumption sourced and every judgement explained, structured to be read cold by someone who was not there.



Working With Your Advisory Team

InteleK works **alongside your advisory team** to ensure the valuation integrates into the estate administration, tax filing strategy, and any legal proceedings — not in isolation from them.

→ Estate Solicitors

We scope the valuation with the estate solicitor first — what actually forms part of the estate, particularly where trusts and control positions are involved, is a legal question that determines what we value.

→ Tax Advisers & Accountants

Whether an asset is pre-CGT or post-CGT determines whether our date-of-death value becomes the beneficiary's cost base or is an administration figure only. We work with the tax adviser so the valuation answers the question that matters.

→ Expert Evidence Where Required

Where the estate is contested, valuations prepared to the standard the Court requires — overriding duty to the Court, disclosure of qualifications and instructions, reasoning set out so it can be tested.

Deceased Estate Valuation: Key FAQs

Expert insights for executors and estate solicitors — date of death valuations, CGT cost base, business goodwill after death, and executor liability.

Which assets actually need a valuation?

Anything without a readily observable price — a business, professional practice, company shares, unit trust, real property, intellectual property, loans to related parties, collectables, and SMSF unlisted assets. Listed securities and cash need nothing.

Does the date of death value become the beneficiary's cost base?

Only for pre-CGT assets (acquired before 20 September 1985). For post-CGT assets, the deceased's own cost base carries through — the historical cost rolls over rather than resetting. This is the most commonly misunderstood point in estate administration.

Can we distribute first and value later?

That is the wrong order and where executors get into trouble. Once assets are distributed, an executor who allocated on a wrong value has limited options and personal exposure. A valuation before distribution costs a fraction of the disputes it prevents.

The deceased ran the business — is it still worth what it was?

Often not. Where the deceased was the business, the value must reflect that the person generating the earnings is gone. The analysis turns on what was transferable — assessed as at the date of death on what was then known or knowable.

Does a minority discount apply to a family company parcel?

It is genuinely contested and needs reasoning from the facts. A parcel sold outside would attract a discount; one distributed to a beneficiary who holds the balance argues the other way. Where material, both bases should be quantified.

It has been two years since the death — is it too late?

Not too late, but harder and weaker than doing it at the time. A valuation can be prepared as at the date of death using contemporaneous evidence. Where a pre-CGT asset is involved, a retrospective valuation is still far better than none.

 **General information only, and not legal or tax advice.** What forms part of an estate and how it is taxed turn on the specific circumstances — IntelK Business Valuations & Advisory Pty Ltd recommends executors engage an estate solicitor and a registered tax agent alongside any valuation.

Book a Free Consultation with InteleK

One of InteleK's accredited valuers is available to hear your situation, evaluate the estate's assets, and answer any questions you have about executor obligations, CGT cost base, or contested estate proceedings. There is no obligation — just expert guidance from professionals who do this every day.



Andrew Mackson, CFA, ABV

Co-Founder & Partner — Deceased estate valuations for executors, administrators and estate solicitors across business interests, company shares and trust structures.

[Book Appointment with Andrew](#)

Have questions before booking? [Chat with our AI Valuation Agent](#) for immediate answers to common deceased estate and executor valuation questions.

