

In the UK, Inheritance Tax is currently charged at 40% on the value of estates over the Nil Rate Band threshold of £325,000. This threshold has been frozen since 2009 and since then an increasing number of people are now potentially exposed. The tax casts a shadow on households it was never designed to target.

From April 2017 each individual will be offered a family home allowance in order that they can pass their home on to their children or grandchildren tax free after their death. This will be phased in from 2017/18.

Data released by HMRC shows that in excess of £3bn a year has been paid in Inheritance Tax over recent years.



Since 2007, it has been possible to transfer an unused Nil Rate Band between spouses. Therefore, if all of an individual's assets are passed to the surviving spouse on first death, the spouse will also "inherit" the Nil Rate Band which would currently leave them with the first £650,000 of their assets outwith their taxable estate for Inheritance Tax purposes on the second death.

How can we help?

Firstly, we fully review your financial affairs to identify what the current liability is. It is also of great importance that we discuss your capital and income needs moving forward as this can have a significant bearing on our advice. Whilst it is important

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for most clients to minimise their potential IHT liability, this must not get in the way of their ongoing way of life.

We can help with advice around gifting and using your allowances each year. You can gift up to £3,000 each year and this is immediately exempt from Inheritance Tax. It can also be possible to make

regular gifts out of your regular income which is immediately exempt but great care must be taken around these to ensure that you comply with the rules.

It is also possible to make larger gifts which will then be potentially liable to Inheritance Tax and we can help you arrange these in the most efficient manner. Another option is to insure against any potential liability. It is also important to look at the bigger picture:

- Are you likely to inherit monies
- On death will your employer pay out Death in Service benefits

The use of Trusts and specialised tax planning products is an area we have a great deal of experience. These products can remove assets from your estate much quicker than the standard seven year rule for gifts but can be complex and advice is hugely important to ensure that you understand any potential downsides and do not breach any rules.

Whichever route is appropriate for you, working in conjunction with us is very important. This will ensure that your overall estate planning is done correctly.

The Financial Conduct Authority does not regulate taxation and trust advice.

The levels, bases and reliefs from taxation will depend on the individual circumstances of the investor and may be subject to future change.