

Inheritance Tax

	2016/17	2015/16
Standard threshold	£325,000	£325,000
Combined threshold maximum for civil partners and couples	£650,000	£650,000
Rate of tax on balance:		
Chargeable lifetime transfers		
Transfers on, or within 7 years of, death	20%	
*40%	20%	
*40%		

* A lower rate of 36% applies where 10% or more of a deceased person's net estate is left to charity

All lifetime transfers not covered by exemptions and made within seven years of death will be added back into the estate for the purpose of calculating the tax payable. Tax attributable to such transfers is then subject to Taper Relief:

Years before death	0-3	3-4	4-5
Tax reduced by	0%	20%	40%

Main Reliefs

Business property:

- business or interest therein 100%
- qualifying shareholdings in unquoted companies 100%
- land, buildings, machinery, or plant used by transferor's controlled company or partnership 50%

Agricultural property 100% or 50%

*Unquoted companies include those listed on AIM

Main Exemptions

1. Most transfers between spouses and civil partners.
2. The first £3,000 of lifetime transfers in any tax year plus any unused balance from

previous year.

3. Gifts of up to but not exceeding £250 p.a. to any number of persons.
4. Gifts in consideration of marriage or civil partnership of: up to £5,000 by a parent, up to £2,500 by a grandparent or great grandparent, or up to £1,000 by any other person.
5. Gifts made out of income that form part of normal expenditure and do not reduce the standard of living.
6. Gifts to charities, whether made during lifetime or on death.