

# INHERITANCE TAX PLANNING (IHT)

Planning ahead for when you die allows you to decide who should get what from your estate and to maximise Inheritance Tax (IHT) reliefs and exemptions if your estate is worth more than the threshold (£325,000 till 2014-15).

If you leave more than 10% of your net estate to charity, you can pay a reduced rate of 36% instead of 40%.

If you don't leave a will, your estate will be shared out among your next of kin according to a strict order. You can write your will yourself / buy a pre-printed form unless you have more complex financial affairs. It's very important to sign your will and get the signature witnessed or it won't be valid.

It will help your executor / representative to sort out your financial affairs when you die if you keep a record of any gifts you make and which exemption you've used.

You can make gifts without having to pay any IHT;

- your partner who has permanent home in the UK
- a 'qualifying' charity in the EU or an specified country
- Museums, universities and the Nation-



nal Trust, UK political party under certain circumstances.

You can gift up to £3,000 each with no IHT when you die. You can carry forward 1 year any unused part.

Small gifts of maximum £250 to as many person in a tax year (can not be used with other exemption when giving to the same person).

Wedding /civil partnership ceremony gifts are exempt :

- each parents can give up to £5,000,
- great and grandparents can each give up to £2,500





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- anyone else can give up to £1,000

Any regular gifts you make out of your after-tax income are exempt from IHT only if you have enough income left after gifting to maintain your normal

- regular premiums on a life insurance
- your partner, ex-spouse /, depending relatives
- your children, adopted / step-children, under 18 or in full-time education

Any gifts you make to individuals will be exempt if you live for 7 years after gifting. However if you continue to use it free and die within seven years it will be added to your estate and any tax due is paid out estate or person receiving it.

If you die between 3-7 years after gifting IHT is reduced on a sliding scale.