

The Inheritance Tax Maze!

Your questions answered by Su England
of Glazer Delmar Solicitors



What is inheritance tax?

The government charges inheritance tax on the value of everything you leave when you die (your estate) over a certain sum. It is charged at 40%.

When is it payable?

You won't have to pay it unless your estate is worth more than £312,000. If you leave property, money and possessions worth less than this, there won't be any tax to pay.

Can you tell me what the nil rate band (NRB) is?

Every individual has this allowance. As we have said, the value of everything you leave is tax free up to £312,000. The inland revenue takes 40% of anything over that. The nil rate band, or NRB, was £300,000 in 2007, and is going up to £325,000 in 2009.

I understand there have been some changes in the Budget. What are they?

The changes allow married couples or civil partners to combine their NRBs without having to write complicated tax planning wills.

Now, any unused inheritance tax NRB can be transferred on a person's death to the estate of their surviving spouse or

civil partner, if they died on or after 9 October 2007.

If the couple combine their NRBs, their children or other beneficiaries can now receive £624,000 from their estate before they have to pay tax.

What should I do?

Look at your estate now - add up your estate's value to get an idea of what tax action you need to take. Include everything you own, such as your home, car, savings and investments. Take advice - planning ahead could help you pay less tax in the following circumstances:

- If you own a property, especially in the south east of England, the chances are its value will push your estate over the NRB.
- If your partner or spouse has died, you may want to use their unused NRB to help any children or other relations pay less tax if they die before you.
- If another member of your family dies and leaves an estate worth more than £312,000.
- If you have married more than once, and especially if you have children.

Overall, careful planning well in advance will help you to guard your assets and manage efficiently.