

## **INHERITANCE TAX THRESHOLD 2019: WHAT IS CURRENT THRESHOLD IN UK? HOW TO GET REDUCED RATE**

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INHERITANCE tax is payable on a person's estate following their death, if it exceeds the inheritance tax threshold. What is the inheritance tax threshold in 2019, and when may it not be payable?

Inheritance tax usually applies when a person dies and leaves their estate to someone else. That said, there are some exceptions to when their fortune is taxable, such as if the value of the estate is below the threshold, or depending on who the deceased has left their property, money, and possessions to. The current inheritance tax threshold is £325,000. Any part of an estate valued above this threshold is taxable, with the standard inheritance tax rate standing at 40 per cent. The estate may pay inheritance tax at a reduced rate of 36 per cent on same assets, however that's only if the deceased leaves 10 per cent or more of the "net value" to charity in their will.

There are other instances in which a person may qualify for tax relief or exemptions.

This includes if a person gives a beneficiary a gift ahead of their death.

"Some gifts you give while you're alive may be taxed after your death," the government website states.

"Depending on when you gave the gift, 'taper relief' might mean the Inheritance Tax charged on the gift is less than 40 per cent."

Other relief which exist includes Business Relief – which allows some assets to be passed on free of inheritance tax or with a reduced bill – and Agricultural Relief, which may apply if the estate includes a farm or woodland.



An individual should contact the Inheritance Tax and probate helpline for more information on this matter.

While the threshold is £325,000, if one leaves the entirety of their estate valued above this figure to a spouse, civil partner, a charity, or a community amateur sports club, then they will normally not have to pay inheritance tax.

Even if the value of the estate does not exceed the aforementioned threshold, it's necessary to report it to HMRC.

It is also possible to increase the threshold, as the gov.uk website details. This can happen if one's home is given to their children or grandchildren.

"If you give away your home to your children (including adopted, foster or stepchildren) or grandchildren your threshold can increase to £475,000," the website explains.



It's also possible to transfer any unused threshold a person may have to their partner's, if they're married or in a civil partnership, and their estate is worth less than the threshold. This would mean that their threshold could be up to £950,000.

Duncan Simpson, Research Director at the Taxpayers' Alliance (TPA) has explained how to limit inheritance tax liability, and ensure how one's estate is below the current threshold.

He told Express.co.uk: "There are different ways to limit your inheritance tax liability. A very, very common one is what's called the seven years rule.

"So that means if you give away quite a bit of your estate to, well technically it could be anyone but it could be children, grandchildren for instance.

"If you live longer than that seven years period then your estate will not be subject to inheritance tax. If you live for four years then you would be subject to inheritance tax, but at a lower rate than 40 percent. So it's tapered as each of those years go by."

**Please refer to:**

<https://www.express.co.uk/finance/personalfinance/1141332/inheritance-tax-threshold-uk-2019-how-much-allowance-rate>