

INHERITANCE TAX PLANNING

- ❖ Inheritance Tax is a tax on the estate of someone who has died.
- ❖ The standard Inheritance Tax rate is 40%. It is charged on the part of your estate that is above the prevailing Inheritance Tax threshold, currently £325,000, known as the 'nil-rate band'.
- ❖ If you own your own home, you can pass it to your husband, wife or civil partner when you die without incurring Inheritance Tax. Alternatively, if you leave your home or your share in it to your children (including adopted, foster or stepchildren) or grandchildren and your estate is worth less than £2 million then the inheritance tax threshold can increase to £500,000.
- ❖ However, Inheritance Tax can also arise on gifts made within 7 years of death and settlements made into trust.
- ❖ Your Inheritance Tax liability may be mitigated using appropriate planning, exemptions and allowances available.

All good reasons for speaking to a member of our team at Berensens to discuss;

- ❖ Making or updating your Will to take advantage of current reliefs, exemptions and any tax planning measures available.
- ❖ Utilising any available allowances during your lifetime, eg.
 - Potentially Exempt Transfers – gifts to individuals will be exempt from Inheritance Tax if you survive the date of the gift by 7 years. However, if you die within 7 years of a gift it will form part of your estate for Inheritance Tax purposes and eat into any available nil-rate band.
 - Annual Allowance – every individual can gift up to £3,000 each tax year. If not used in one year it can be carried forwards to the next for one year only, providing a combined allowance of £6,000.
 - Small gift allowance – you can give as many gifts of up to £250 per person as you wish each year provided you have not used another allowance on the same person.

- Gifts on Marriage and Civil Partnership – up to certain limits depending on your relationship to the persons getting married or entering into a civil partnership.
 - Gifts out of surplus income – can be made provided certain qualifying conditions are met.
 - Trusts and Heritage Property – Heritage Property eg. works of art and assets of historic, scientific or cultural interest may be exempt from Inheritance Tax, and Heritage Maintenance Funds, trusts set up for the purpose of maintaining these assets, will not incur ongoing Inheritance Tax. However, there are strict conditions which must be met if these exemptions are to apply.
- ❖ Inheritance tax liability if you are based outside the UK – where you have lived in the UK for less than 10 years in the last 20 years.
 - ❖ Recent proposed changes to Agricultural and Business Property Relief coming into effect from 6 April 2026.

How Berensens May Help

The above information provides a brief overview of some of the exemptions, allowances and planning points which may be available.

We here at Berensens will be happy to provide you with more detailed advice and help in mitigating the impact of Inheritance Tax, whether in your Will or by lifetime planning.

We encourage all our clients to consider making a will. We are here to guide and support you through the process to allow you to have peace of mind knowing that you have done all you can to ensure that you leave your estate on your death in the way that you intend.

We know that each person has unique requirements, and we provide bespoke, tailored and up to date advice to all our clients.

Should you wish to arrange an appointment to discuss Inheritance Tax planning, please contact us;

By post; **Berensens LLP**
 15 The Crescent
 Taunton
 TA1 4EB

By telephone; **01823 756060**

By email; stuart.bagshaw@berensens.co.uk

Or via the enquiry facility on our website www.berensens.co.uk