

## Inheritance Tax

| Transfers on or Within Seven Years Before Death |          |          |
|---|----------|----------|
|   | 2011/12  | 2010/11  |
| Nil rate band to                                | £325,000 | £325,000 |
| Rate of tax on balance                          | 40%      | 40%      |
| Chargeable lifetime transfers                   | 20%      | 20%      |

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. This may then be reduced by taper relief.

| Charge on Gifts Within 7 Years of Death |     |     |     |     |     |
|---|-----|-----|-----|-----|-----|
| Years before death                      | 0-3 | 3-4 | 4-5 | 5-6 | 6-7 |
| Tax reduced by                          | 0%  | 20% | 40% | 60% | 80% |

| Main Reliefs  |             |
|---|-------------|
| <i>Business property:</i>   |             |
| business or interest therein  | 100%        |
| qualifying shareholders in unquoted* companies  | 100%        |
| land, buildings, machinery, or plant used by transferor's controlled company or partnership | 50%         |
| Agricultural property   | 50% or 100% |
| *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 £250p.a. to any number of persons.
4. Gifts in consideration of marriage or civil partnership: up to £5,000 by a parent, up to £2,500 by a 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.