



Wanstall Consulting

Wills & Estate Planning

Some Inheritance Tax efficient gifts

Inheritance Tax (IHT) applies to increasing numbers of people, especially since the government has frozen the main IHT reliefs until at least 2026. IHT efficient gifts available include the following.

Annual allowance

Each tax year, you can give £3,000. (This is a total of £3,000 and not £3,000 for each recipient). You can carry an unused allowance forwards one year.

Charities

Gifts to charities are free of IHT. Leaving 10% or more of your estate to charities in your Will reduces the IHT rate to 36% from 40%.

Gifts before marriage or civil partnerships

You can give your child £5,000, grandchild £2,500, and anyone else, £1,000, plus £1,000 to their other half.

Potentially Exempt Transfers

If you make a gift and survive it by (currently) seven years, the value of the gift will not be included in your estate for IHT.

If you die anytime within seven years, provided the gift was less than your IHT free allowance (the Nil Rate Band, currently £325,000), there is no IHT on the gift. However, the NRB available would be reduced by the value of the gift. Eg, if you gave someone £50,000 and died within seven years, they would not pay IHT on the gift, but the NRB would be reduced to £275,000.

If the gift exceeded the NRB, there could be an IHT liability on the gift.

Skiing

So called “skiing” (“spend the kids’ inheritance” on yourself) is also an effective and, potentially, enjoyable way of reducing your IHT liability!

If you are considering making gifts for IHT purposes, I recommend that you take specialist professional advice first.

If you would like to discuss IHT planning, Wills, or related matters, please contact me on iain@wanstallconsulting.co.uk or 01296 415700. You can also find more information on my website: www.wanstallconsulting.co.uk.