

# Exemptions from Inheritance Tax

**The following exemptions marked with a \* are available for lifetime gifts only.**

1. Any transfer between husband and wife. This is limited to £55,000 where the recipient is non-UK domiciled.
2. \*Individual gifts of up to £250 per recipient to any number of persons in any tax year. These cannot be used to cover part of a larger gift or part of the £3,000 exemption (see 3 below). Often used to cover Christmas or birthday gifts.
3. \*Transfers up to a total of £3,000 in any tax year. Any unused exemption may be carried forward for one tax year only.
4. \*Transfers as part of the normal and regular expenditure of the person making them. They have to be made out of income and must not interfere with the maintenance of his or her usual standard of living. Often used to cover the payment of premiums on life assurance policies written in trust for children.
5. \*Certain gifts for maintenance of the family.
6. \*Wedding presents (NB they must be made before and near the date of the wedding):
  - By a parent of either party - £5,000 from each
  - By grandparents or remoter ancestors - £2,500 from each
  - By one party to the marriage - £2,500
  - By any other person - £1,000
7. Certain national heritage gifts and gifts for public benefit.
8. To charities.
9. To qualifying political parties.
10. To registered housing associations if attributable to land in the UK.
11. Death on active service.
12. \*Transfers allowable for Income Tax or conferring retirement benefits.

These exemptions are in addition to the “Nil Rate Band” which is currently £285,000 per estate.

When someone dies the Capital Taxes Office will require details of all gifts made by the deceased within seven years (and sometimes 14 years) of the death. These will be aggregated with the value of the estate on death unless they are otherwise exempt. Any tax or additional tax payable as a result of the gifts will be the liability of the recipient(s) unless there is evidence to the contrary.

It is therefore most important to keep a separate record of all lifetime gifts showing the date, the amount or value, the recipients' names and whether or not they are to be responsible for any tax on them. This will save an enormous amount of time and therefore cost during the administration of the estate. Complications regarding lifetime gifts are often the reason why an estate cannot be wound up quickly. We are happy to provide you with a schedule to use as a record of your gifts if you wish.

**For further information please contact Helen Robertson by telephone or at [hrobertson@vwl.co.uk](mailto:hrobertson@vwl.co.uk).**

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**This publication is for guidance only. Reliance should not be placed upon it and nor should action be taken, without obtaining advice in respect of the specific circumstances applicable. We will be pleased to provide such advice or assistance.**

**For further information please contact us:**

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