

Inheritance tax



When you die, everything you own outright goes into your estate. Gifts you have made within seven years of your death have also to be taken into account. After your debts and funeral expenses have been paid, the amount above the threshold will have inheritance tax deducted from it, unless it passes to your spouse or civil partner, or to a UK charity. The rate of inheritance tax is presently **40%**.

The threshold above which inheritance tax is paid is £325,000 for individuals and £650,000 for married couples and civil partners. This threshold is set to remain the same until 04/2015.

Legacies to Britain Yearly Meeting, or to any other UK charity, are free from inheritance tax. This means that they are deducted from your estate before it is assessed for tax.

For instance, if your estate is worth £20,000 more than the threshold amount, then leaving that £20,000 to the Society or another charitable organisation reduces the total taxable value of your estate to the threshold,

and no inheritance tax is due. The entire £20,000 goes to support Quaker work; if you left that amount to your heirs, £8,000 of it would be payable to the Treasury as inheritance tax.

In 2011 the government announced that, for deaths occurring on or after 06/04/2012, a new rate of tax of 36% will apply in cases where 10% or more of the deceased's net estate is left to charity. 'Net estate' for this purpose will be the value of the estate after deducting all IHT exemptions, reliefs and the nil rate band.

This insert gives only an outline of inheritance tax; there are various exemptions and different kinds of relief for business assets and other types of property.

For more information

You can find more information at www.direct.gov.uk (search for "inheritance tax"). A professional advisor such as your accountant or solicitor will be able to give you advice tailored to your circumstances.

How inheritance tax could affect your estate

A legacy to charity can reduce the overall value of your estate to below the inheritance tax threshold.



*Since 06/04/2009 the threshold has been **£325,000**;