

What is Inheritance Tax and Who is Liable to Pay it?

Inheritance tax is a tax charged on the disposition or gift of assets by an individual. Inheritance tax can be chargeable on certain gifts made during an individual's lifetime and on the value of their estate after their death. Companies or other businesses are not liable to inheritance tax, but trusts can be affected.

How Much Inheritance Tax Will I Have to Pay and How can I Avoid it?

Inheritance tax is charged at rates between 0% - 40%. Individuals with an estate of more than £325,000 (in 2009/2010) are likely to pay tax at the full rate of 40% unless they are leaving their assets to a charity, a spouse or civil partner.

All assets and liabilities are normally included when calculating the value of an estate. Individuals domiciled in the UK are liable to UK inheritance tax on their worldwide assets. Non-UK domiciled taxpayers may not be liable to UK inheritance tax on their offshore assets, depending on how long they have been resident in the UK.

There are a number of ways to potentially reduce any individual's inheritance tax liability, including:

- Making use of all available exemptions.
- Making gifts during an individual's lifetime.
- Taking out specialist insurance.
- Investing in business or agricultural property or specialist share portfolios.
- Use of trusts or other tax efficient arrangements.

How Can Wisteria Help?

Wisteria understands that inheritance tax is a worry for many people who simply don't know how much tax their relatives may have to pay or whether they will need to pay at all.

Wisteria's tax specialists can guide you through this complex area of taxation, explaining the rules and what you may wish to consider. In addition the tax planning advice and guidance Wisteria provides can often potentially save thousands of pounds in the longer term.

For further information please contact:

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