

Inheritance Tax

Gifts that Escape Inheritance Tax

There are a number of gifts that can currently be made without incurring inheritance tax.

It is thoroughly recommended that these gift levels are checked before quoting them, as the Chancellor does, and will change these regularly in annual budgets.

Annual Exemption: £3000

An individual can give away £3000 of capital. This is per year, and if last year's allowance is not used, it can be bought forward to give a total of £6000 in the current year. If the allowance is still not used then the carried-over exemption expires.

The annual exemption is in addition to the other gift exemptions.

Small Gift Exemption: £250

An individual can give away £250 as presents to an unlimited number of people, but they must not form part of a larger gift.

Wedding Gift Exemption: £5000

A parent can give £5000 to their child for a wedding.
An individual can give £2500 to a grandchild/niece/nephew.
An individual can give £1000 to a non-relative.

Regular Gifts from income has no limit

Regular patterns of gifts e.g.: £250/month from surplus income, although the pattern needs to be proven and established.

Gifts to Spouse: no limit

There is no limit set for spousal inheritance within the UK, although there is an upper limit of £55,000 for those not domiciled in the UK.

These gifts may be reviewed by the Chancellor in his next Pre Budget Report.