



What are the numbers?

As of April 2017, the new Inheritance tax (IHT) rules have come into force, but what do they mean? **Tristan Hartey** explains

As it stands each person in the UK has a Nil Rate Band (NRB). The NRB is the amount that you have within your estate before you pay any Inheritance tax. For any type of asset your first £325,000 within your estate is tax free, anything over this is taxed at 40 per cent.

However, you will have heard that the rate is going up. This is partially true, as of April each person now has an additional band of Inheritance tax relief. This is known as the Residential Nil Rate Band (RNRB). This means that each person has an additional £100,000 that can be applied to their family home provided they are passing it down to their children.

Each year this new RNRB will increase by £25,000 until 2020/21. When we reach 2020/21 everyone will have £500,000 as a NRB provided that their assets are set out in the right way and are being passed down the family.

If someone is married or in a civil partnership you combine their NRBs to give you the advertised £1 million that the government has pledged within their manifesto.

Vitaly, when it comes to paying inheritance tax, no tax is due until both people in the marriage have passed away. However, it is important to note that the new RNRB tapers off on estates worth more than £2 million. Additionally, if you do not leave your family home to direct descendants you may not be eligible for the additional RNRB. Finally, the NRB of £325,000 is fixed until 2020/21.

There are a number of solutions to help protect your estate, however before you can start you need to know what your liability is therefore we advise seeking professional advice. ☑

For more information please call 0808 168 5866.

We have also created a comprehensive guide on the new RNRB rules so if you are interested in a copy please get in touch and we will send you a copy.



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