

How to fill in form IHT100

Important Note

Some significant changes to the way inheritance tax is charged were introduced in 2006. These changes mainly affect the taxation of trusts and alternatively secured pension funds.

Deaths and chargeable events between 8 March 1986 and 22 March 2006.

The notes in the first part of this guide, in pages 4 to 71, reflect the legislation as it existed from 8 March 1986 to 22 March 2006. This part of the guide should be used to help you fill in form IHT100 for events which occurred between those dates. You will also need to fill in an event form in the range IHT100a to IHT100f to give us full details of event you are telling us about and you may need to fill in some of the supplementary pages that go with the form IHT100.

Deaths and chargeable events on or after 22 March 2006.

Notes on the effects of the new legislation and the completion of the form IHT100 and the event forms IHT100a to IHT100g follow from page 72 onwards.

Deaths and chargeable events before 8 March 1986

Telephone our helpline if you wish you tell us about a transfer that took place before 8 March 1986. They will tell you which forms you need.

The notes in this guide are numbered and match the boxes in the form IHT100, the event forms and supplementary pages.

If you need any more of the supplementary pages or notes, please download them from our website or telephone our helpline.

If you do not have, and are not entitled to get, any of the information requested in any of the forms, leave it out and explain why it is not included. Fill in the rest of the form.

Note – If you are completing electronic versions of the forms, any tax will usually be calculated automatically. To ensure that the calculation is correct it is essential that all the questions are answered correctly. (Where the tax is not automatically calculated, the notes on the form will say so.)

IHT110

If you need any further help, look at our website or telephone the helpline.

This guide is for general information only. It cannot explain everything about inheritance tax.

If you want to know more about any particular aspect of inheritance tax, please visit our website, telephone the Probate and Inheritance Tax Helpline, or write to one of the addresses below.

Our Internet site is www.hmrc.gov.uk

The Probate and Inheritance Tax Helpline number is:

0300 123 1072

Our addresses (including DX addresses for solicitors and banks etc)

Nottingham
HM Revenue & Customs, Capital Taxes
Ferrers House
PO Box 38
Castle Meadow Road
Nottingham NG2 1BB

DX 701201 NOTTINGHAM 4

Edinburgh
HM Revenue & Customs, Capital Taxes
Meldrum House
15 Drumsheugh Gardens
Edinburgh EH3 7UG

DX ED 542001 EDINBURGH 14

Belfast
HM Revenue & Customs, Capital Taxes
Level 3
Dorchester House
52-58 Great Victoria Street
Belfast BT2 7QL

DX 2001 NR BELFAST 2

Note
As there could be Capital Gains Tax or Income Tax issues arising from the chargeable event you are telling us about you should consider whether these need to be reflected in your Self Assessment return for the relevant years.

If you would like a copy of any of our forms, you can download from our Internet site or contact the Capital Taxes orderline:

e-mail: hmrc.ihorderline@gtnet.gov.uk
telephone: 0300 123 1072
fax: 03000 560 692

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Confidentiality

- ▶ You have a right to the same high degree of confidentiality that all taxpayers have. We have a legal duty to keep your affairs completely confidential and cannot give information to others about a trust, transfer or estate, even if they have an interest in it, unless the law permits us to do so. This means we may only discuss a taxpayer's affairs with that person or with someone else that the taxpayer has appointed to act for them.

In the case of a principal or proportionate charge, this means that we can only discuss the chargeable event with the trustees of the settlement or another person appointed to act for them; usually a solicitor or an accountant.

If you are filling in the form **IHT100** without the help of a solicitor or accountant and it is difficult for us to contact you by telephone during the day, we cannot discuss the estate with another person without your written authority. You may want us to write to you, but for someone else – perhaps a husband, wife, civil partner or other relative – to be able to deal with telephone calls. If so, you should either include their name in box C1 or enclose a separate written authority when you send the form **IHT100** to us.

Data Protection Act

- ▶ HM Revenue & Customs (HMRC) is a Data Controller under the Data Protection Act. We hold information for the purposes of taxes, social security contributions, tax credits and certain other statutory functions assigned by parliament. The information we hold may be used for any of HMRC's functions.

We may get information about you from others or we may give information to them. If we do it will only be, as the law permits, to check the accuracy of information, prevent or detect crime or protect public funds. We may check information we receive about you with what is already in our records. This can include information provided by others such as government departments and agencies and overseas tax authorities. We will not give information about you to anybody outside HMRC unless the law permits us to do so.

Definitions

Chargeable events

- ▶ The form **IHT100** may be used to tell us about a number of occasions on which inheritance tax may arise. For example, gifts, the ten-year anniversary of a discretionary trust or the ending of an interest in possession in settled property. We refer to these as **chargeable events**. A separate form should be used to tell us about each individual chargeable event.

Chargeable transfer

- ▶ A chargeable transfer is a gift or other transfer of value which is chargeable to inheritance tax at the time it is made.

Conditionally exempt transfer

- ▶ A conditionally exempt transfer is a transfer or other occasion of charge that benefits from the conditional exemption.

Event form

- ▶ An event form is a form in the number range IHT100a to IHT100f on which you are asked to give us information about the event you are telling us about. For example, IHT100a should be filled in if you are telling us about a life-time transfer.

Potentially exempt transfer or PET

- ▶ A potentially exempt transfer is a transfer made by an individual to another individual, an accumulation and maintenance fund, a trust for the benefit of disabled people or a protective trust.

Relevant person

- ▶ In connection with the conditional exemption the relevant person is the person who made the last transfer of the asset to benefit from the conditional exemption.

Relevant property

- ▶ When we are considering a proportionate charge or a principal charge on settled property “relevant property” is any asset which was held on discretionary trusts.

Transferor

- ▶ Throughout this guide and in the form **IHT100**, event forms and supplementary pages you will come across references to the “transferor”. This term is used, depending on the context, to refer to any person who can be regarded as having triggered the chargeable event. So, in the case of a gift, the transferor is the person who made the gift. In the case of the disposal of a life interest the transferor is the life tenant. In any situation where this general rule does not apply we will tell you.

When to use form IHT100

- ▶ The **IHT100** should be used to tell us about
 - Lifetime transfers by an individual that are chargeable to inheritance tax at the time they are made.
 - Potentially exempt transfers (PETs) where the transferor has not survived for seven years. There is no requirement to tell us about such a transfer while the transferor is alive.
 - The termination of an interest in possession in settled property (for example, the ending of a life interest) which occurs during the life of the life tenant and is chargeable to inheritance tax at the time of the event. If the ending of the interest in possession is not chargeable at the time of the event there is no requirement to tell us about it unless the life tenant dies within seven years of the event.
 - The termination of an interest in possession in settled property within seven years of the death of the life tenant.
 - The termination of an interest in possession in settled property arising as a result of the life tenant’s death.
 - Property given subject to a reservation
 - Property ceasing to be held on discretionary trusts (proportionate or exit charges).
 - Principal charge on the ten-year anniversary of a discretionary trust.
 - Flat rate charges arising when special trusts stop meeting the conditions that entitled them to special tax treatment. For example, temporary charitable trusts ceasing to have charitable status or accumulation and maintenance trusts becoming interest in possession trusts other than when the beneficiaries reach the specified age.

- Recapture charges (e.g. the ending of an entitlement to conditional exemption or disposals timber or underwood).

An account on form **IHT100** is normally required to tell us about the chargeable events described above. There are some exceptions. An account is not normally required to tell us about

- A gift or other transfer of value made by an individual, which is wholly exempt.
- A gift or other transfer of value by an individual where the amount of the gift and any other chargeable transfers made by the individual in the same tax year ending on 5 April does not exceed £10,000 and the amount of the gift and any other chargeable transfers made by the individual in the ten year period ending on the date of the gift does not exceed £40,000.
- A termination of an interest in possession where the life tenant has given the trustees notice informing them of the availability of an annual exemption or gifts on marriage or civil partnership exemption and the exemption covers the whole of the value transferred.

If you are telling us about an occasion of charge without the help of a solicitor or other agent, you should have received:

- form **IHT100**
- an event form
- this guide
- a separate guide called **IHT113** “*How to fill in form IHT100WS*”,
- an inheritance tax worksheet, form **IHT100WS** and
- some of the supplementary pages that we find apply to most cases.

It is your responsibility to make sure you fill in the right supplementary pages. You do not need to fill in any that do not apply, even if we have included them with this pack. If you need any of the other supplementary pages you should download them from our website or telephone our helpline.

You must answer all the questions on the forms unless directed otherwise.

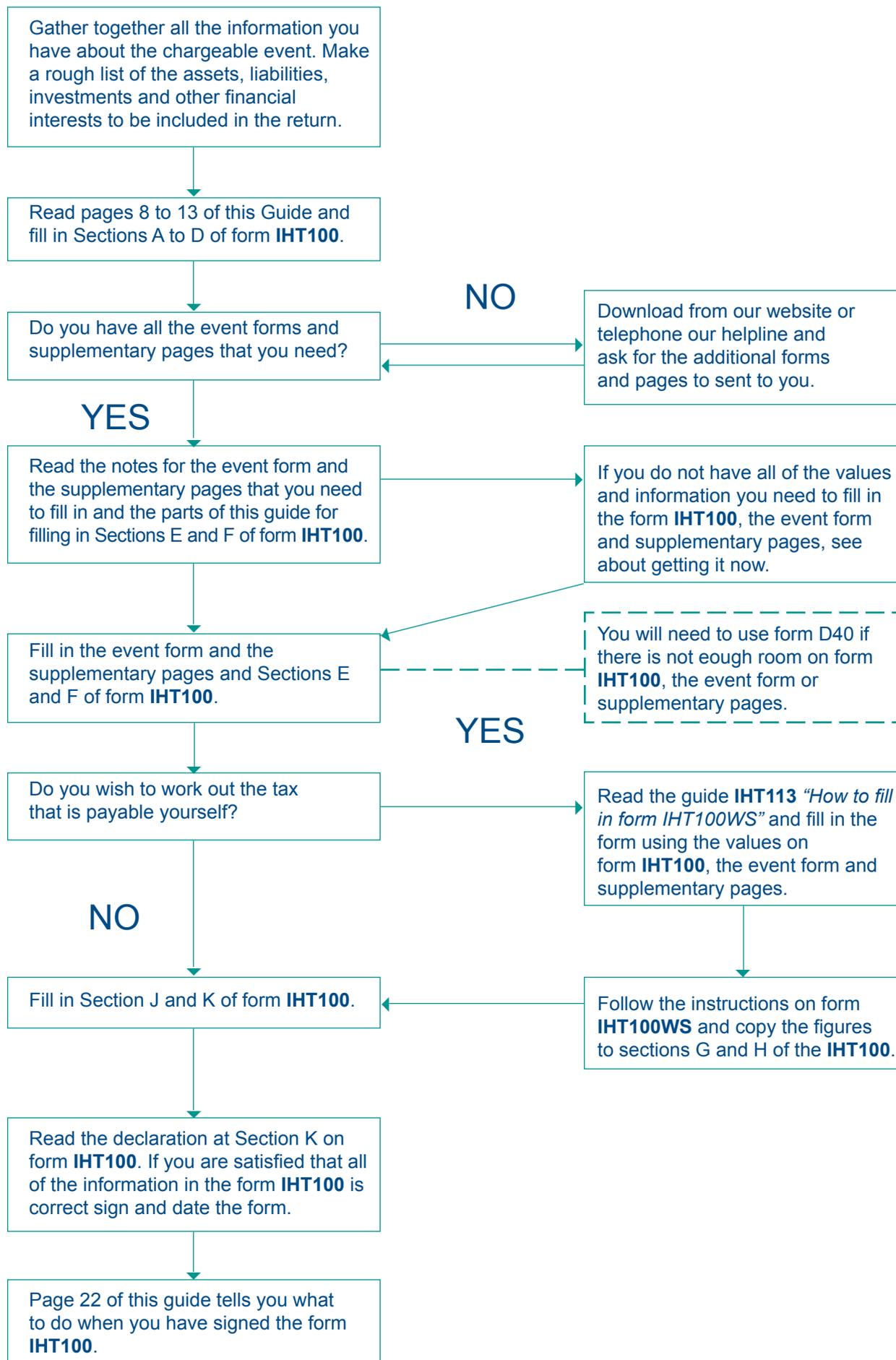
You must fill in all the boxes on the form **IHT100**, the event form and any supplementary pages that apply. We need your answers so that we can work out the value of the assets and any tax that is due.

Please write the figure “0” in the box if the assets described were not part of the transfer. You should make full enquiries so you can show that the figures you give and the statements you make are right. If you do not answer all the questions and fill in all the boxes, we may not be able to process the form.

Note. If you are filling in an electronic version of the form any tax will be calculated automatically in most cases. If you do not answer all of the questions you are required to correctly the tax shown may be incorrect.

Where the tax is not automatically calculated you will be told.

Step by step guide to filling in the forms



What values to include

- ▶ The law says that, for inheritance tax, you have to value all assets as if each item had been sold on the date of the chargeable event. We call this the 'open market value'. As you work through this guide, it tells you how to obtain the right value to include in form **IHT100**.

Round the value of assets and liabilities down to the nearest £.

Tax should be shown to the nearest penny.

It is your responsibility to tell us what the correct figures are as soon as you know them.

Supporting documents

- ▶ You do not need to send us copies of documents (for example, a letter from a bank with the balance in an account, or evidence of liabilities etc) unless we specifically ask you to do so. However, you must keep all documents that you have used to fill in form **IHT100**, the event form and the supplementary pages safe as we may ask you for some or all of them later.

Original documents

- ▶ **If you have to return an original document, such as a life insurance policy, please make sure you have kept a copy of the document and any other papers that are linked with it, such as a deed of trust or a loan agreement.**

Things to keep in mind

- ▶ There are some types of asset that may be included in more than one section of form **IHT100** and the supplementary pages. This applies especially to stocks and shares. Please make sure you have read all the appropriate notes before you include details of such assets so that you can put them in the right section of the form. Also, do not include the same asset in more than one section.

Where can I get help

- ▶ If you need any help in filling in the forms, working out the tax, or have any questions about inheritance tax you should contact the Probate and Inheritance Tax Helpline.

How to fill in IHT100 section A

- ▶ Form IHT 100 is the main form of account and must be filled in and signed in every case. **A1** to **A6** describe the chargeable events for which the **IHT100** may be used. Select the chargeable event about which you are telling us and place a tick in the appropriate box.

A1 Tick this box if you are telling us about a:

- gift
- transfer, arrangement or transaction which reduces the value of the estate of the person who made the transfer. (We call this person the transferor)
- gift with reservation
- potentially exempt transfer where the transferor died within seven years of the date on which the gift or other transfer was made.

The law says that you need only tell us about gifts and other transfers of value that are chargeable at the time they were made unless the transferor dies within seven years of the date on which the gift or transfer was made. A gift or transfer is chargeable at the time it is made unless it is made by an individual to another individual, an accumulation and maintenance trust, a trust for the benefit of disabled people or a protective trust.

A2 Tick this box if you are telling us about the

- ending or disposal of an interest in possession while the life tenant is alive which is chargeable to inheritance tax at the time of the event or because of the death of the life tenant.
- ending or disposal of a life interest by the life tenant which is a potentially exempt transfer where the life tenant died within seven years of the event.

A person has an interest in possession in assets held in trust when they are entitled to receive specific benefits from those assets. The person who has an interest in possession in assets held in trust is called a life tenant.

The law says that you need only tell us about the ending of an interest in possession at the time of the event if it is chargeable when made or the life tenant dies within seven years.

A3 Tick this box if you are telling us about assets ceasing to be relevant property in a discretionary trust or any trust in which no beneficiary is entitled to a specific benefit. (Proportionate charge). A discretionary trust is a trust in which the trustees decide on the amounts and timing of the benefits they pay to the beneficiaries. On the form **IHT100** the event forms, supplementary pages and in these notes we refer to all trusts in which there is no interest in possession as **discretionary trusts**.

A4 Tick this box if you are telling us about a principal charge arising on the ten-year anniversary of a discretionary trust.

A5 Tick this box to tell us about assets ceasing to be held on special trusts (flat rate charge). Special trusts are trusts which are outside the main inheritance tax taxing provisions that apply to settled property. Examples of special trusts are accumulation and maintenance trusts and temporary charitable trusts.

A6 Tick this box if you are telling us about a charge arising on the ending of a conditional exemption or charges arising from the disposal of trees or underwood (recapture charges).

You must fill in one of the event forms **IHT100a** to **IHT100f**. Follow the line you have ticked across to find out which form you need. Guidance on how to fill in the event forms is given starting on page **33** of this guide.

- ▶ • If you are telling us about a gift or other transfer of value the information should be given about the person who made the gift.
- If you are telling us about the ending of an interest in possession the information should be given about the life tenant.
- If you are telling us about a flat rate, proportionate or principal charge the information should be given about the settlor.
- If you are telling us about a recapture charge the information should be given about the deceased person whose estate benefited from the deferment of inheritance tax.

B1 Write the transferor's or settlor's title ('Mr', 'Mrs', 'Dr' etc) in this box. If there is not enough room, for example, for a peer of the realm, include the title in box B2.

- B2** Write the transferor's or settlor's surname in this box.
- B3** Write the transferor's or settlor's first name(s) in this box.
- B4** Write the address of the transferor or settlor in this box. If the transferor or settlor has died write in the address of the property at which they normally lived before they died. Include the postcode, if you know it. If the transferor is a professional trustee write in their business address.
- B5** Write the transferor's or settlor's date of birth in the format dd/mm/yyyy in this box.
- B6** If the transferor or settlor is dead write their date of death in the format dd/mm/yyyy in this box.
- B7** If you are telling us about a principal or proportionate charge write 'N/A' in this box. In any other case write in the IHT file reference number under which the settlor or testator's affairs have been dealt with in the past. If the gift is to a settlement write in the IHT reference for the settlement. Leave this box blank if you cannot find this information.
- B8** If you are telling us about a principal or proportionate charge write 'N/A' in this box and go to question B11. In any other case write in the name of the tax district that dealt with the transferor's or settlor's affairs. Leave this box blank if you cannot find the information.
- B9** Write the income tax reference or unique 10-digit Self-Assessment number in this box. You should find these details on any correspondence the transferor or settlor had with HMRC. Leave this box blank if you cannot find this information.
- B10** Write in the transferor's or settlor's National Insurance Number. If the transferor or settlor was still working, you can find the National Insurance Number on their payslip, form P60 or on letters from HMRC such as a notice of coding. If the transferor or settlor had retired, you can find this on their state pension book. If the state pension was paid directly to a bank or building society, you can find the number on the letter from the Department of Work & Pensions [DWP] (form BR2199), which told the transferor or settlor how much money would be paid into their account. The DWP reference *is* the National Insurance Number.
- B11** A person's domicile is usually the country where their main home is. The United Kingdom is not a "country" when establishing a person's domicile. A person will have a domicile in England and Wales or Scotland or Northern Ireland. To keep things simple, we refer to all three countries as the United Kingdom (UK) in these notes. Say in this box whether the transferor or settlor was domiciled in 'England and Wales', 'Scotland', 'Northern Ireland', **or** write in the name of the foreign country in which they were domiciled.

The Channel Islands and the Isle of Man are foreign countries when considering domicile. Even though the transferor may have been domiciled abroad, there are some special rules that mean we can treat the transferor *as if* they were domiciled in the UK. We tell you more about this in the notes on form **D31**. If the transferor is treated under the special

rules as being domiciled in the UK you should still write the name of the foreign country in this box but fill in the rest of the form as if the transferor was domiciled in the UK.

B12 Write the name of the settlement in this box if you have ticked box A2, A3, A4 or A5.

B13 Write in the reference under which the inheritance tax affairs of the settlement are dealt with. If you do not have this information leave this box blank.

B14 Write in the income tax file reference for the settlement. If you do not have this information leave this box blank.

B15 This question need only be answered if the transferor was an individual acting in their own right at the time of the transfer. Please insert the appropriate code for the transferor's marital or civil partnership status.

How to fill in section C

C1 Write the name and address of the firm or person that we should contact in this box. If possible, include the postcode.

C2 If you have given the name of a firm in box C1, write in the name of the person we should contact in this box.

C3 The DX number and exchange only applies to solicitors or other firms and organisations that are members of the Document Exchange System. Write the DX number and exchange in this box, if appropriate.

C4 Write a daytime telephone number for the person we should contact in this box.

C5 Write the reference number of the person or firm we should contact in this box.

C6 State the capacity in which the contact is acting. For example, accountant for the settlement or trustee and so on.

Forms IHT100a to IHT100f

- ▶ You must fill in one of the event forms IHT100a to IHT100f and send it to us **with the form IHT100** and any supplementary pages that are needed. The event forms ask you to give us more information about the chargeable event. This information is needed to work out any inheritance tax that may be due. If you wish to work out the tax yourself, filling in the appropriate event form will help you to do so. The form you should fill in depends on the chargeable event. The list below tells you which event form you need.

Chargeable event	Box ticked on page 1	Fill in form
Gift or other transfer of value	A1	IHT100a
Ending of an interest in possession in settled property	A2	IHT100b
Assets in a discretionary trust ceasing to be relevant property (proportionate charge)	A3	IHT100c
Discretionary trust principal charge	A4	IHT100d
Flat rate charge	A5	IHT100e
Recapture charge	A6	IHT100f

How to fill in section D

- ▶ Parts D, E and F of form **IHT100** ask you to tell us about the assets included in the transfer. These are the assets on which inheritance tax arises. The information you should give us depends on the chargeable event.

If you are telling us about

Chargeable event	Assets to include
A gift or other transfer of value	The assets that were given
The ending of an interest in possession	The assets in which the transferor had an interest in possession
A proportionate charge	The assets which ceased to be held on discretionary trusts
A principal charge	The relevant property (the assets held on discretionary trusts) at the date of the ten-year anniversary of the settlement
Assets ceasing to be held on special trusts (flat rate charge)	The assets which ceased to be held on special trusts
Ending of conditional exemption or disposal of trees or underwood (recapture charge)	The assets on which the inheritance tax charge arises

Bear in mind when telling us about settled property it may not be necessary to tell us about all of the assets in the settlement. If you have any doubts about what assets to tell us about in form **IHT100**, the event form or the supplementary pages telephone our helpline.

Tick the appropriate box to answer each of the questions in section D. If you have said that the transferor was domiciled abroad, you should answer the questions for UK assets only. The following notes will help you to answer the questions in section D.

- ▶ If you have said that the transferor is domiciled in a foreign country or if the transferor is treated as domiciled in the UK, fill in form **D31**.
- ▶ Fill in form **D32** to give details of all the stocks and shares included in the chargeable event if you have answered “yes” to this question. If you have a professional valuation listing all of the stocks and shares please attach a copy to the **IHT100** instead of filling in form **D32**.
- ▶ If there are any debts to be paid out of the value of the assets which are subject to the inheritance tax charge you are telling us about fill in form **D33**.

Domicile outside the UK

Stocks and shares

Debts due to the settlement or trust

Life assurance and annuities

- ▶ Fill in form **D34** if the transfer included any dealings that involved a life assurance policy or policies.

Household and personal goods

- ▶ Fill in form **D35** to give details of the household and personal goods involved in the chargeable event.

Land, buildings and interests in land

- ▶ Fill in form **D36** to give details of the land, buildings, trees or underwood included in the chargeable event.

Agricultural relief

- ▶ If inheritance tax arises on the value of a farm or farmland you may be able to deduct agricultural relief against the value of the agricultural property. Fill in form **D37** if agricultural property is included in this return and you wish to deduct agricultural relief. The notes on form **D37** tell you more about agricultural relief.

Business relief

- ▶ Fill in form **D38** to give details of any business interests and holdings of unquoted shares or assets used in a business included in the chargeable event.

You may be able to deduct business relief against certain holdings of shares, business interests or assets used in a business. Fill in form **D38** if you wish to deduct business relief. The notes on form **D38** tell you more about business relief.

Foreign assets

- ▶ Fill in form **D39** to give details of any overseas assets included in the chargeable event. Do not include here details of foreign shares which are quoted on the London Stock Exchange, see the note for box E1. In this guide we call overseas assets “foreign property”.

Remember that the Channel Islands and the Isle of Man are foreign countries, so assets held there are foreign property.

Other information

- ▶ Fill in Form **D40** if there is not enough room on any of the other forms or to tell us about other assets or information needed to calculate the inheritance tax due.

How to fill in section E

- ▶ You must include in section E all the assets described in boxes E1 to E14 included in the chargeable event you are telling us about.

For example, if you are telling us about a principal charge you must include all of the relevant property held in the discretionary trust. If you are telling us about a gift you must include all of the assets that were given. If you are telling us about a proportionate charge you must include all of the assets which ceased to be held on discretionary trusts etc.

Stocks and shares

- ▶ There are many different types of stocks and shares. If you have a professional valuation, please attach a copy. If not, you will need to fill in form **D32** giving details of the stocks, shares and other such investments being included.

You can help us by dividing the stocks and shares into the categories listed on the next page for boxes E1 to E4. It will also help us if you list the stocks and shares in the order they appear in the Stock Exchange Daily Official List, in the Financial Times or other newspaper. Your local library may have back issues of newspapers.

Where to include stocks and shares

- ▶ You may pay inheritance tax on certain shareholdings by instalments. If you want to do so, a number of conditions must be met. If the shares meet the conditions, you may include those shares in section F on page 4 of form **IHT100**. The basic conditions are that:
 - the number of shares owned by the transferor gave them control of the company. A person controls a company for inheritance tax purposes if they could **control** the majority (more than 50%) of the voting powers on *all* questions affecting the company as a whole
 - the shares are **not quoted** on the Stock Exchange and their value exceeds £20,000. The notes for boxes E3 and E4 list the different types of shares that are treated as not quoted for this rule.

There are other, more detailed rules that apply to shares **not quoted** on the Stock Exchange. You should telephone our helpline for more information if the shares included in this chargeable event meet this second rule and you want to pay the tax on the shares by instalments. In certain circumstances, you may be able to pay tax by instalments even if the value of the shares is less than £20,000. Telephone our helpline for more information. If the shares do not meet either of these rules, you must include the shares in section E on page 3 of form **IHT100**.

Quoted stocks, shares and investments

E1 Include in this box the total value for:

- all stocks, shares, debentures and other securities listed in the Stock Exchange Daily Official List
- Unit trusts
- Investment trusts
- Open-Ended Investment Companies
- Personal Equity Plans
- shares which are part of an Individual Savings Account (ISA)
- foreign shares which are listed on the London Stock Exchange.

UK Government securities ('gilts') and municipal securities

E2 Include in this box the total value for:

- Treasury bills, Treasury annuities, Treasury stock, Exchequer stock, Convertible stock, Consolidated Stock and Loan, Funding stock, Savings bonds, Victory bonds, War loans
- Government Stock held on the Bank of England Register (previously held on the National Savings Register) all UK municipal securities, mortgages, debentures and stock in counties, cities or towns, dock, harbour and water boards, Port of London Authority, Agricultural Mortgage Corporation, Northern Ireland municipal stock.

Unquoted stocks, shares and investments

E3 Include in this box the total value for

- unlisted stocks and shares in private limited companies
- shares held in a Business Expansion Scheme (BES) or in a Business Start-up Scheme (BSS).

Traded unquoted stocks and shares

E4 Include in this box the total value for:

- shares listed on the Alternative Investment Market (AIM)
- shares traded on OFEX
- shares traded on the Unlisted Securities Market (USM).

Dividends

E5 Include dividends if they are amongst the assets actually transferred.

If the chargeable event is a principal charge arising on the ten-year anniversary of a discretionary trust dividends are normally treated as income and are not relevant property. Only include them if they have been appropriated to capital.

If the chargeable event is a proportionate charge arising as a result of a distribution from a discretionary trust which included dividends the dividends should be left out unless they had been appropriated to capital before the date of the chargeable event.

How to value stocks and shares

- ▶ The notes on form **D32** tell you how to value the different types of stocks and shares. The notes also provide more information about stocks and shares generally.

National Savings Investments

E6 List each investment separately on form **D40** and include in this box the total for items such as

- National Savings certificates
- National Savings capital or deposit bonds
- National Savings income bonds
- Pensioners guaranteed income bonds
- Children's bonus bonds
- First option bonds
- Save As You Earn contracts
- Year plans

You should include a National Savings Bank account in box E7.

How to value National Savings Investments

- ▶ You can find out the value of all National Savings investments by sending off form NSA 904. You can get this form from the Post Office. If the reply gives separate figures for capital and for interest owed, but not paid up to the date of the chargeable event, please show them separately on form **D40**.

Put the total in box E6. Include the interest if it is amongst the assets included in the transfer.

If the chargeable event is a principal charge arising on the ten-year anniversary of a discretionary trust interest is normally treated as income and is not relevant property. Only include it if it has been appropriated to capital.

If the chargeable event is a proportionate charge arising as a result of a distribution from a discretionary trust which included interest the interest should be left out unless it had been appropriated to capital before the date of the chargeable event. In any other case only include the interest if it is amongst the assets included in the transfer.

Bank and building society accounts

E7 List each account or investment separately on form **D40** and include in this box the total for

- current, deposit, high interest, fixed interest, term, bond and money market accounts with a bank, building society, mutual, friendly or co-operative society
- accounts with supermarkets or insurance companies
- National Savings Bank account
- TESSA account
- cash in an individual savings account (ISA).

How to value bank and building society accounts

- ▶ The bank or building society will be able to tell you how much was in each account at the date of the chargeable event and how much interest was due, but not paid, up to that date. If you have separate figures for capital and interest, please show them separately on form **D40**. See the notes on how to value National Savings investments for guidance on how to treat interest.

Cash

E8 The definition of cash includes cheques made out to the transferee.

Debts

E9 Tell us about any debts that form part of the assets included in this chargeable event. If you are telling us about a gift or other transfer &
E10 of value include details of debts if they are amongst the assets transferred.

The release of a debt is a transfer of value and the debt is the asset transferred. If that is what you are telling us about details about the debt being released should be entered here.

If you are telling us about a principal charge and the relevant property includes loans made by the trustees the value of the loans should be included here if they are relevant property.

If you are telling us about a proportionate charge loans made out of the settlement should be included if they are amongst the assets that have been distributed or have ceased to be relevant property.

Enter debts secured by mortgage in box E9 and other debts in box E10.

Other debts include:

- money which had been lent without security and which had not been repaid at the date of the chargeable event
- money which the transferor had lent to trustees of a trust linked to a life insurance policy held in trust
- money for which the transferor held a promissory note
- money for which the transferor held an "IOU" account with a company.

You will need to fill in form **D33** to give details of each such sum.

Life assurance policies

E11 If life assurance policies were amongst the assets included in the transfer enter the value in this box. If the transaction included an arrangement involving a life assurance policy or policies in circumstances where they were not actually amongst the assets included in the chargeable event you are telling us about we need to know about the arrangements. Use form **D34** to tell us about them. You should enclose a copy of each policy.

Income tax or capital gains tax repayment

E12 An income tax repayment will normally be regarded as income. If an individual gives an income tax repayment to another person the gift should normally be treated as being of cash.

In the case of a discretionary trust an income tax repayment will normally not be relevant property and should not be included at E12.

A repayment of capital gains tax is normally regarded as capital. If an individual gives a repayment of capital gains tax to another person the gift should normally be treated as a cash gift.

In the case of a discretionary trust a repayment of capital gains tax will normally be regarded as relevant property unless it is not held on discretionary trusts. Where it is relevant property details should be included in box E12.

Household and personal goods

E13 Include in this box the total value of all household and personal goods included in the transfer. Include pictures, china, clothes, books, jewellery, stamps, coins and other collections, motor cars, boats etc. You will need to fill in form **D35** to give details of the household and personal goods.

Other assets

E14 Include any other assets not included in E1 to E13.

E15 Add together boxes E1 to E14 and write the total in this box.

Debts and liabilities

- ▶ You should only include debts that the transferor actually owed at the date of the chargeable event. You must not include fees for professional services carried out after that date. Any solicitor's or estate agent's fees and any valuation fees incurred in dealing with the chargeable event cannot be deducted.

E16 List all the debts owed by the transferor that can be deducted from the assets included in this chargeable event. You should fill in the name of the person or organisation that is owed the money and say briefly why the money is owed. If you include a deduction for solicitors' or accountants' fees, give the dates for the period during which the work was done. Add up all the liabilities and write the total in this box.

Net assets

E17 Take box E16 away from box E15 and write the answer in this box.

What you should do if box E17 results in a minus figure

- ▶ If the figure in box E16 is more than the assets in box E15, you should make a note of the deficit. You should write '0', rather than the minus figure in boxes E17 and E19.

We tell you what you should do with a deficit at page **30** of this guide.

Exemptions and reliefs

- ▶ There are a number of exemptions and reliefs that are available to reduce the value of the transfer on which you need to pay tax. We tell you more about exemptions and reliefs starting on page **24** of this guide. To deduct any exemptions or reliefs against the assets listed in boxes E1 to E14 you should write the title of the exemption or relief and the amount that you want to deduct in the space provided.

Exclusions	<ul style="list-style-type: none"> ▶ Inheritance tax is not charged on any assets that are “excluded property”. Details of the exclusions start at page 28 of this guide. If any of the assets listed in boxes E1 to E14 are “excluded property” you should say which exclusion applies and write the amount in the “Exemptions and reliefs” box.
Total	E18 Add up all the exemptions and reliefs and write the total in this box.
Chargeable value	E19 Subtract box E18 from box E17 and write the answer in this box.
How to fill in section F	<ul style="list-style-type: none"> ▶ You must include in section F all the assets described in boxes F1 to F11 that were included in this chargeable event.
Paying tax by instalments	<ul style="list-style-type: none"> ▶ You may pay the tax on the assets included in section F by instalments. We will tell you more about this option in the guide IHT113 “<i>How to fill in form IHT100WS</i>”. If you want to pay the tax on the assets in section F by instalments you should tick the yes box at the top of page 4 on form IHT100 and state the number of instalments that have become due in the box provided. If you want to pay all of the tax that may be paid by instalments now write 10 in this box.
Land and buildings	<ul style="list-style-type: none"> ▶ You must include here all freehold, leasehold, heritable and other immovable property in the UK which is included in the transfer. If you have a professional valuation, please attach a copy. You will need to fill in form D36 giving details of each item of land anyway. You can help us by dividing the land into the categories listed for boxes F1 – F5.
Residential property	F1 Write in the value at the date of the chargeable event of any residential property that was included in the chargeable event. Do not include farmhouses that are included in F2 here.
Farms	F2 Write in the value at the date of the chargeable event of all the farmland, farmhouses and farm buildings included in the chargeable event. Include farms, farm buildings and farmland in this box whether you are deducting agricultural relief or not.
Business property	F3 Write in the value at the date of the chargeable event of any property included in the chargeable event from which the transferor ran a business, either alone or in partnership, (for example, a hotel, a shop, or a factory). If it was a farming business, include the property in box F2.
Woodland, trees and underwood	F4 Write in the value at the date of the chargeable event of any trees or underwood included in the chargeable event that are not part of a farm. Most farms will include coppices, small woods and belts of trees that shelter the land. Include these in the one value for the farm in box F2. For this purpose woodland is land in the United Kingdom on which trees or underwood is growing.
Other land and buildings	F5 Include in this box the value at the date of the chargeable event of any other land or buildings included in the chargeable event about which you are telling us which are not included in boxes F1 to F4 (for example, lock-up garages, redundant land, derelict property, quarries, airfields etc) and any other rights, for example fishing rights, that are attached to land.

How to value land and buildings	<ul style="list-style-type: none"> ▶ If you do not have a professional valuation, you need to take all reasonable steps to put a value on the land and buildings. Advertisements in local estate agents and local papers for properties very similar may help you to make a realistic estimate of the value of the land and buildings being included. You should take account of the state of repair of the property. This may decrease its value if it is poor. You must also take account of any features that might make it attractive. For example, a larger than average garden or access to land that is suitable for development. This is likely to increase its value. <p>You will need to fill in form D36 to give details of any interests in land or buildings included in the chargeable event.</p>
Business interests	<ul style="list-style-type: none"> ▶ You will need to fill in form D38 to give details of any business interests included in the chargeable event.
Farming business	<p>F6 Write in the net value of any interest in a farming business included in the chargeable event. If the transferor was in partnership, write the value in box F6.2. If they ran the business personally, write the value in box F6.1.</p> <p>If you need to tell us about more than one farming business you must fill in a separate form D38 for each business. Write the total value of all the farming businesses in the appropriate box and the overall total in box F6.</p>
Other business interests	<p>F7 Write in the net value of any interest in a business other than a farming business included in the chargeable event. If the transferor was in partnership, write the value in box F7.2. If they ran the business personally, write the value in box F7.1. If you need to tell us about more than one business, you must fill in a separate form D38 for each business interest. Write the total value of all the business interests in the appropriate box and the overall total in box F7.</p>
Business assets	<p>F8 Write in the value of any assets that were included in the chargeable event, which were not included as part of a business in boxes F6 and F7, but were still used for business activities. If the assets were used in a farming business, write the value in box F8.1. If they were used for another business write the value in box F8.2. Write the total in box F8.</p>
How to value a business interest	<ul style="list-style-type: none"> ▶ Ideally, accounts for the business should be prepared at the date of transfer. If this is not practical, (for example, where the business was run as a partnership and the business continues) you should use the last set of accounts prepared before the chargeable event. The value of the transferor's capital and current accounts with the business will be the starting point. The notes on form D38 give you more help in valuing an interest in a business.
Stocks and shares	<ul style="list-style-type: none"> ▶ Page 14 of this guide told you which stocks and shares could be included in this section. If the transferor was an insurance underwriter with Lloyds, include the net value of the transferor's assets with Lloyds as a business interest in box F7.1. Do not include the separate holdings of shares anywhere else in sections E or F.
Quoted shares and securities	<p>F9 You may only include stocks and shares listed on the Stock Exchange here if the holding gave the transferor control of the company. A person controls a company for inheritance tax if they could control the majority</p>

(more than 50%) of the voting powers on *all* questions affecting the company as a whole.

Write the value of the holding in box F9. Fill in details of the shares on form **D32**, section 1, but keep them separate from other shares being included in section F.

Do not add the value of these shares to the total in box SS1.

Unquoted shares

F10 Write in the value of any stocks and shares that are not listed on the Stock Exchange. The types of shares are listed in the notes for box E3. If the shares gave the transferor control of the company, write the value in box F10.1. If not, include the value in box F10.2. Fill in details of the shares on form **D32**, section 3.

Traded unquoted shares

F11 You should only include unlisted stocks and shares that are traded on exchanges in this box. The exchanges are listed in the notes for box E4. If the shares gave the transferor control of the company, write the value in box F11.1. If not include the value in box F11.2. Fill in details of the shares on form **D32**, section 4.

F12 Add together F1 to F11 and write the total in this box.

How to value stocks and shares

▶ The notes on form **D32** tell you how to value shares that are listed on the Stock Exchange. The same rules apply for traded unquoted shares that are dealt on various exchanges. For unquoted shares, you should estimate the value on the best evidence available to you. You should not include a nominal or par value for the holding of shares, unless that value is appropriate. You have to try to establish what the shares might have been sold for if they had been sold on the open market at the date of the chargeable event. The company may be able to give you some idea of the value of the shares. We will usually ask Shares Valuation to consider the value of unquoted shares. Their helpline number is **0115 974 2222**.

Debts and liabilities

▶ The notes at page **16** of this guide gave some information about debts. You should only include here debts that are specifically linked to the assets shown on this page and which form part of the transfer.

Mortgages

F13 List all the debts that were secured by a mortgage on the land shown on this page and state the amounts outstanding at the date of the transfer. Write the total in box F13. If the transferor had a mortgage protection policy, you should include the mortgage on this page and include the money due from the policy on box E11.

Other liabilities

F14 List other sums that were owed by the transferor at the date of the chargeable event and state the amounts outstanding at the date of transfer. Write the total in box F14.

Deficit

▶ If there is a deficit in either Section E on form **IHT100** or in box FP10 on form **D39** you should include that deficit here. We tell you what to do with a deficit on page **30** of this guide.

F15 Take boxes F13 and F14 away from F12 and write the answer in this box.

What you should do if box F15 results in a minus figure

- ▶ If the total of all the liabilities in boxes F13 and F14 is more than the assets in box F12, you should make a note of the deficit. You should write '0', rather than the minus figure in boxes F15 and F17. We tell you what you should do with a deficit on page **30** of this guide.

Exemptions and reliefs

- ▶ There are a number of exemptions and reliefs that are available to reduce the value of the assets on which you must pay tax. We tell you more about exemptions and reliefs starting on page **24** of this guide. To deduct any exemptions or reliefs against the assets listed in boxes F1 to F11 you should write the title of the exemption and the amount that you want to deduct in the space provided.

Exclusions

- ▶ Inheritance tax is not charged on any assets that are “excluded property”. Details of the exclusions start at page **28** of this guide. If any of the assets listed in boxes F1 to F11 are “excluded property” you should say which exclusion applies and show the amount in the “Exemptions and reliefs” box.

F16 Add up the total of exemptions, reliefs and exclusions and write the total in this box.

F17 Take box F16 away from box F15 and write the answer in this box. This box must **not** contain a minus figure. Taking away exemptions and reliefs can only reduce the figure in box F17 to '0'.

F18 If any annual exemption is being claimed enter the amount here.

Gifts not exceeding £3,000 in any one tax year to 5 April are exempt. This can apply to one gift or the total of a number of gifts and is in addition to the other exemptions described above. If the gifts made in one year fall short of £3,000, any surplus can be carried forward to the next year (but no further) and can be used once the exemption for that year has been used up in full. The exemption cannot be carried back to earlier years.

The annual exemption does not apply to chargeable events giving rise to a proportionate charge, a principal charge, a flat rate charge or a recapture charge.

The annual exemption is not allowable against a transfer of value consisting of the ending of an interest in possession unless the transferor gives the trustees of the settlement a notice telling them how much annual exemption is available. That notice must be given within six months of the date of the transfer.

Working out the tax that is due

- ▶ **Under the present law you do not have to calculate the tax that is due.**

You can send the forms to us and we will calculate the tax for you. If you decide not to calculate the tax you do not need to fill in form **IHT100WS** and you should leave sections G and H of form **IHT100** blank. Go straight to section J.

If you decide to calculate the tax the following notes and the guide **IHT113** “How to fill in form **IHT100WS**” will help you.

When you have filled in form **IHT100** up to the end of section F, the event form and any supplementary pages that are necessary, you are ready to work out the total tax that is due. You can then go on to work out the tax (and any interest) that you will need to pay when the tax becomes due. This may be different because some of the tax could be payable by instalments.

Go to the guide **IHT113** “How to fill in form **IHT100WS**” and form **IHT100WS** provided with form **IHT100**. Follow the guide to work out the different figures and the tax due.

How to fill in sections G and H

- ▶ When you have filled in form **IHT100WS** and worked out the tax, if any, to pay copy the figures to sections G and H of form **IHT100** from the worksheet. The instructions on form **IHT100WS** tell you which amounts to copy and the box to write them in. The box numbers in brackets in sections G and H on form **IHT100** refer to the boxes on the worksheet from which the figures came.

How to fill in section J

- ▶ If a repayment of inheritance tax becomes necessary, the cheque will be made out in the names of all the people who have signed the form. If you do not have a bank account in those names, it may be difficult for you to cash the cheque. To avoid this difficulty, you can say here how you would like the cheque made out. Write the name(s) of the people to whom you want the cheque to be made out here. If a solicitor or other agent is acting on your behalf and the cheque is to be made out to their firm, write the name of the firm here.

How to fill in section K

- K1** Write in which one of the event forms **IHT100a** to **IHT100f** you are sending to us with the **IHT100**.
- K2** List the supplementary pages that make up the account in this box. If you have filled in more than one copy of any of the supplementary pages show it, for example, as “D32x2”.

Signing form IHT100

- ▶ All the people who are delivering this account must now carefully read the declarations and warnings on page 8 of form **IHT100**. Each person should give their full name and address, sign and date the form in the space provided.

In signing the form, each person confirms that they have read the declaration and warnings and that they agree that the information given in form **IHT100**, the event form, supplementary pages and any other supporting papers is correct.

When you have filled in and signed all the forms

- ▶ When you have filled in and signed form **IHT100** and filled in the event form and any supplementary pages use the checklist to make sure that you have got all the papers that you need to send to us. You should then follow the notes below that apply to you.

Which office should I use

- ▶ The office to which you should send the forms depends on a number of factors. The following notes will help you to choose the correct office. If you are in doubt you should call our helpline.

Principal and proportionate charges	<ul style="list-style-type: none"> • Scottish settlements • Other settlements 	Nottingham
Gifts and other transfers of value chargeable when made.	<ul style="list-style-type: none"> • Transferor living in England, Wales or Northern Ireland • Transferor living in Scotland 	Nottingham
Disposal or ending of an interest in possession during the lifetime of the transferor which is chargeable when made.	<ul style="list-style-type: none"> • Transferor living in England, Wales or Northern Ireland • Transferor living in Scotland 	Nottingham
Gifts and other transfers of value including termination of an interest in possession being notified on the death.	<ul style="list-style-type: none"> • Deceased lived in England or Wales • Deceased lived in Scotland • Deceased lived in Northern Ireland 	Nottingham Edinburgh Nottingham

Changes to the value of the assets

- ▶ If the value of any asset or debt changes, you must tell us. You can help us by giving us our reference if you can, otherwise tell us the full name of the transferor or settlement and date of the chargeable event.

Payments in advance

- ▶ If you think more tax will be payable, you can make a payment on account. If you do we will not charge you interest on the amount you have paid from the date we receive it. You can help us by giving us our reference if you can, otherwise tell us the full name of the transferor or settlement and the date of the chargeable event. If you pay too much on account, we will pay you interest when we return the money to you.

We tell you how to make a payment on account in the guide **IHT113** “How to fill in form IHT100WS”.

How can I be sure there is no more tax to pay

- ▶ If you have worked out that there is no tax to pay and would like to know that we agree, you should fill in form **D42** and send it to us with form **IHT100**. Make sure you fill in all the white boxes on the form.

If there is some tax to pay on the chargeable event, then when you think that the value of all the assets and debts is settled and you have paid all the tax and interest, you may ask us for a clearance certificate. We will send you an application form (**IHT30**). The certificate stops us from charging any more tax and interest on the assets you have told us about.

If the chargeable event was:

- a gift or other transfer of value chargeable to inheritance tax at the time it was made

- the ending or disposal of a life interest chargeable to inheritance tax at the time it was made

we may not be able to issue a clearance certificate because further tax could become payable if the transferor died within seven years of the event.

Exemptions and reliefs

- ▶ The two most important reliefs are agricultural relief and business relief. The notes on **D37** and **D38** tell you about these reliefs. We now tell you about the other exemptions and reliefs that may be available. Some exemptions and reliefs reduce the value of an asset to zero, for example, agricultural relief and business relief if the relief is due at 100% or the exemption for transfers between husband and wife or between civil partners. Even though no tax will be payable because of the exemption or relief, **you must still include the assets in the account at the proper value and then deduct the exemption or relief in full.**

Where to deduct exemptions and reliefs

- ▶ Most exemptions and reliefs apply to particular assets. The amount of the exemption etc. is limited to the value of the asset after any liabilities have been taken away. You should deduct the exemption or relief from the section of the account where the asset is included.

Gifts between husband and wife or civil partners

- ▶ There is no limit to this exemption unless at the date of transfer the transferor is domiciled in the United Kingdom and the transferor's spouse or civil partner is not. If this applies, the exemption is limited to £55,000.

Gifts made by the transferor to their spouse or civil partner before the transfer will be taken into account to find out the extent to which the exemption applies.

Note

- ▶ If you are deducting spouse or civil partner exemption, you should give the full name, the date of birth and the domicile of the transferor's spouse or civil partner on form **D31**.

Gifts to charities registered in the UK

- ▶ Gifts to charities in the UK are exempt, as long as the money passes directly to the organisation without restriction. If there are lots of gifts to different charities and some of them are not well known, you can help us by sending us a list of the charities and giving their Registered Charity Number.

For Scottish charities you should give the recognition number on the Scottish Charities Index.

Relief for successive charges

- ▶ This relief applies where an interest in possession in settled property is transferred within five years of the date on which the assets used to value the transfer were placed in trusts in which the transferor had an interest in possession.

The following conditions must be met.

- The transfer must have occurred during the life of the life tenant.
- The life tenant's death must not have triggered the charge. This is referred to as the later transfer.

- The later transfer must have been the transfer or renunciation of an interest in possession.
- The assets used to value the later transfer must have been settled property in which the transferor had an interest in possession.
- The later transfer must have taken place within 5 years of an earlier transfer, the earlier transfer, that included the same assets as those used to decide the value of the later transfer.
- The earlier transfer must have increased the value of the estate of the person making the later transfer.
- The assets used to decide the value of the earlier transfer must be the same as the assets used to decide the value of the later transfer.
- The earlier transfer must have been or included the making of a settlement or have been after the making of a settlement.

The reduction is a percentage of the tax paid on the assets at the time of the first transfer as shown in the table below

Period between charges	%	% tax chargeable
Within 1 year	100	Nil
Between 1 & 2 years	80	20
Between 2 & 3 years	60	40
Between 3 & 4 years	40	60
Between 4 & 5 years	20	80
5 years or more	Nil	100

Example		
The first transfer	Year 0	Under A's will a trust is set up for the benefit of B giving B an interest in possession in all of the trust property.
The later transfer	Year 3	During the third year B renounces his interest in possession for no consideration with the effect that the assets in the trust are held on discretionary trusts. They remain unchanged.
<p>The later transfer took place within five years of the first transfer. The assets in the later transfer were the same as the assets in the first transfer.</p> <p>As the later transfer took place between two and three years after the first transfer any tax on the later transfer is reduced by 60%.</p>		

There are some examples of how to work out this relief in the guide **IHT113** "How to fill in form IHT100WS". This relief can only reduce the tax payable to nil. It cannot give rise to a repayment of tax.

Note

- ▶ If you have deducted successive charges relief, copy the calculation of the relief on form **IHT100WS** to form **D40**. Use form **D40** to tell us about the first charge. Give our reference if you know it.

Taper relief

- ▶ Taper relief is allowable where a transfer of value takes place more than three years before the date of death and within seven years of the date of the transferor's death. When these conditions are met only a proportion to the total tax is payable on the transfer. The proportions are set out in the table below.

Time of transfer	% of tax payable
• More than 3, but less than 4 years before the date of death.	80%
• More than 4, but less than 5 years before the date of death.	60%
• More than 5 but less than 6 years before the date of death	40%
• More than 6 but less than seven years before the date of death	20%

Example

A made a gift of £300,000 on 1 April 1997

Of this £6,000 is exempt and £294,000 is a PET.

On 6 June 2001 A died

The PET was made within seven years of the date of death and becomes chargeable.

The tax on	£294,000
is { threshold	- £250,000
{ balance	= £44,000
{ tax @ 40%	= £17,600

Because the gift took place more than three years before the date of death taper relief is allowable.

The rate is 60% since 1 April 1997 is more than 4 and less than 5 years before the date of death.

The tax due is £17,600 x 60% = £10,560

Double taxation relief

- ▶ This relief applies where foreign assets are included in the transfer and a foreign tax similar to UK inheritance tax has been paid on those assets. You may deduct relief up to the maximum amount of UK inheritance tax payable on the same assets. The amount of the relief is the amount needed to pay the foreign tax, up to the maximum.

The exchange rate used is the London Selling Rate as shown in the Financial Times at the date the foreign tax was paid. If the foreign currency was only available at a premium, you should include the premium. There is an example of how to work out this relief in the guide **IHT113** "How to fill in form IHT100WS".

There are arrangements between some countries for a formal exchange of information about the assets that have been declared for tax and the amount of tax that has been paid. If this applies to this transfer, we will help you go through the right procedures once you have sent us the form **IHT100**.

Example

A transferor makes a gift into a discretionary trust of £500,000. Of that value £50,000 was attributable to assets in the USA and US tax of \$16,000 was paid. The sterling equivalent at the time was £10,320. Double taxation relief is the lesser of £10,320 and the inheritance tax attributable to the assets in the USA.

Calculation

Taxable value of transfer	£494,000
IHT on this amount	£ 97,600
Foreign tax	£ 10,320
IHT on US assets	
$\frac{97,600}{494,000} \times 50,000 =$	£ 9,878
Double taxation relief is	£ 9,878

Note

- ▶ If you have deducted double taxation relief, copy the calculation of the relief on form **IHT100WS** to form **D40**.

Gifts to political parties

- ▶ A political party qualifies for this exemption if two of its members were elected to the House of Commons at the last general election before the gift, or if one of its members was elected and at least 150,000 votes were cast for its candidates. If the gifts were made before 15 March 1988 within one year of the death of the transferor, there is a limit of £100,000 on the amount of the exemption.

Gifts to registered housing associations

- ▶ If the transferor made a gift of land and buildings in the UK to a registered housing association after 14 March 1989, the gift is exempt.

Gifts to national museums etc

- ▶ Gifts to national museums and local authority museums, universities and other public bodies are exempt. The qualifying bodies are listed in Schedule 3 of the Inheritance Tax Act 1984. You should telephone our Heritage Team Helpline (0115 974 2490) for help if you think a gift may qualify for this exemption. If the body concerned is not listed in Schedule 3, it may be that we will not be able to give you an immediate answer. If that is the case, we will let you know how long it may take before we can give you an answer.

Limitations on gifts to charities, political parties and public bodies

- ▶ The exemptions for gifts to charities, political parties and public bodies may be limited if the gift was not made to the organisation outright. If you are not sure whether one of these exemptions should apply because the money does not pass direct to the organisation or if there is a restriction how the money should be used, you should telephone our helpline and explain the circumstances.

National Heritage exemptions

- ▶ There are a number of exemptions available for gifts of heritage and other historic property. The rules and conditions that the different exemptions impose are complicated. There is a corresponding relief from capital gains tax. The exemption, which must be claimed within two years after the date of transfer, may be available for:
 - assets transferred into a settlement for the maintenance of qualifying heritage property or
 - specific assets, for example works of art, historic houses or other land of a sufficient standard that may qualify for conditional exemption.

If you would like more information about this please write to our Heritage Team at the Nottingham office or telephone our Heritage Team Helpline (0115 974 2490).

If you are claiming exemption under one of the National Heritage exemptions and the item has already been granted exemption on an earlier death or lifetime transfer, please fill in form **D40** and tell us:

- the name of the person who died earlier or who made the gift
- the date of death or the date of birth of the person
- any HMRC Capital Taxes reference concerning this previous occasion.

If you are in doubt about whether a National Heritage exemption previously applied, please write to our Heritage section in Nottingham who might be able to help you from their records.

Woodlands relief

- ▶ This relief may apply if any part of the assets transferred includes land on which trees or underwood are growing, but which does not qualify for agricultural relief. The trees or underwood may qualify for woodlands relief if all the following conditions are met
 - the land must be in the UK
 - it must not qualify for agricultural relief
 - the transferor must have owned the land throughout the five years up to date of the chargeable event or have acquired the land other than by buying it **and**
 - the relief is formally claimed by the transferor within two years after the date of the chargeable event.

If all the conditions are met, you may deduct the value of the trees or underwood as the amount of the relief. When the trees or underwood are either sold or given away later, there may be some inheritance tax to pay.

Exclusions

- ▶ Domicile outside the UK.

Assets situated outside the United Kingdom held in a trust are not liable to inheritance tax if at the time they were put into the trust the settlor was domiciled outside the United Kingdom. These assets are known as “excluded property” and details about them need not be given on form **IHT100**.

If you are telling us about the ending of an interest in possession details of excluded property need not be given even if the life tenant was domiciled in the United Kingdom at the time of the transfer.

If you are telling us about the ending of an interest in possession where the settlor was domiciled in the United Kingdom at the time the settlement was made details of any foreign property **must** be given even if the life tenant is domiciled outside the United Kingdom.

Assets not held on trust.

If you have said that the transferor was domiciled outside the UK at the date of the chargeable event, any assets (apart from settled property) that are outside the UK are excluded property. There is no need to give details of the foreign assets on form **IHT100**. If the transferor was domiciled outside the UK and was not resident or ordinarily resident in the UK at the time of the chargeable event, foreign currency bank accounts held with certain banks in the UK are excluded property.

A foreign currency account with any high street bank, such as Lloyds, Barclays, Abbey National Plc, Halifax etc will qualify.

Foreign currency accounts with other banks such as:

- ANZ Grindlays Bank Plc
- Banque Nationale de Paris Plc
- Italian International Bank Plc
- Wesleyan Savings Bank Plc

will also qualify. Telephone our helpline if you need to check whether or not a foreign currency account qualifies as excluded property. You should include the bank accounts in box E7 of form **IHT100**, but deduct the value in box E18.

If the transferor was not ordinarily resident in the UK at the date of the chargeable event, UK government securities that are authorised as exempt from tax, for example, 9% Conversion Loan 2001 or 7% Treasury Stock 2006, are excluded property. You should include the securities in box E2 of form **IHT100**, but deduct the value in box E18.

If the chargeable event took place before 6 April 1998, such securities are only exempt if the transferor was also domiciled outside the UK.

- ▶ If the transferor was domiciled in the Channel Islands or Isle of Man at the date of the chargeable event, the following are also excluded property:
 - War Savings Certificates
 - National Savings Certificates or Ulster Savings Certificates
 - Premium Bonds
 - certain certified contractual savings schemes (usually described as Save As You Earn or SAYE schemes, the prospectus will tell you if the scheme qualifies), deposits with the National Savings Bank.

You should include the assets in the appropriate boxes in section E of form **IHT100**, but deduct the value in box E18.

How to deal with a deficit

Deficit in section E

- ▶ If the figure in box E16 is more than the assets in box E15, you should write '0' in boxes E17 and E19. You can carry the deficit in section E forward and deduct it at box F14.

Deficit in section F

- ▶ If there are not enough assets in section F to cover the deficit, you may carry any balance forward and deduct it from any foreign property included in the chargeable event (unless the foreign property itself is also in deficit). Include the deficit in box FP4 on form **D39**.

If the figure in box F15 would be a minus figure, you should write '0' in that box and in box F17. You can carry the deficit back and deduct it in box E16.

If there are not enough assets in section E to cover the deficit, you may carry any balance forward and deduct it from any foreign property the deceased owned (unless the foreign property itself is also in deficit). Include the deficit in box FP9 on form **D39**.

Earlier transfers

- ▶ We need to know the value of any earlier gifts made by the transferor in case the value needs to be added to the value of the present transfer to work out how much tax is payable.

What kind of gifts need to be included

- ▶ It is not just outright gifts, such as giving a cheque for a particular amount to someone on a special occasion, that are relevant for inheritance tax. The law says that there will be a gift whenever there is a loss to the donor's estate. The donor is the person making the gift. This can happen in different ways. For example, a parent may sell a house to a son or daughter for less than they could sell the property on the open market. This will result in a loss to the donor. A person may hold some shares that give them control of a company. They may sell only a few shares to a relative but losing control of the company reduces the value of their other shares. This too will be a loss to the donor. If you are not sure whether you should include details of a particular gift, please telephone our helpline.

Exempt Gifts

- ▶ You do not need to include gifts made by the transferor
 - to their husband, wife or civil partner and spouse or civil partner exemption applies (see page 24 of this guide).
 - outright gifts to any one person which do not exceed £250 in any one year (the small gifts exemption).
 - outright gifts to any person which are wholly covered by the annual exemption and/or gifts out of income exemptions described below.

Exemptions and reliefs for gifts

- ▶ The exemptions, reliefs (apart from woodlands relief) and exclusions beginning on page 24 in this guide also apply to gifts, although there may be some additional conditions to be satisfied. There are also other exemptions that apply to gifts only. These are described below.

Gifts in consideration of marriage or civil partnership

- ▶ If the gift was made:
 - on or shortly before the marriage or civil partnership
 - to one or both parties to the marriage or civil partnership, and
 - to become fully effective on the marriage or civil partnership taking place

it will be exempt up to the following limits:

- £5,000 if the transferor was a parent to one of the people getting married or registering as civil partners
- £2,500 if the transferor was a grandparent or more remote ancestor of one of the people getting married or registering as civil partners, or
- £1,000 in any other case.

Gifts out of income

- ▶ If the gifts are unconditional and:
 - formed part of the transferor's usual expenditure
 - were made out of the transferor's income, and
 - left the transferor with sufficient income to maintain their normal standard of living

they will be exempt.

“Usual expenditure” means that the payments were a regular part of the transferor’s expenditure. Examples are where the transferor was paying a regular premium on an insurance policy for the benefit of another person, or perhaps where they were making a monthly or other regular payment to someone else.

A one-off payment, even if it was out of income, will not be exempt.

Small gifts exemption

- ▶ Gifts to any one person which do not exceed £250 in any one tax year to 5 April are exempt. This exemption covers gifts at birthdays and Christmas. You cannot use this exemption in conjunction with the annual exemption described below. This exemption is only available if all the gifts made to the same person in one tax year do not exceed £250.

Annual exemption

- ▶ Gifts not exceeding £3,000 in any one tax year to 5 April are exempt. This can apply to one gift or the total of a number of gifts and is in addition to the other exemptions described above. If the gifts made in one year fall short of £3,000, any surplus can be carried forward to the next year (but no further) and can be used once the exemption for that year has been used up in full. The exemption cannot be carried back to earlier years.

Gifts with reservation

- ▶ A gift with reservation is one where the person receiving the gift does not fully own it or where the person making the gift either reserves or takes some benefit from it. Where this happens, the law says that we can include the assets as part of the deceased’s estate at death. The rule only applies to gifts made on or after 18 March 1986, but there is no seven year limit as there is for outright gifts.

One of the most common examples is where a person who has died had given their house to their child but continued to live there. Another is where a bank or building society account is put in the name of a child, but the interest the money produces continues to be paid to the original owner. However, if arrangements are made, such as payment of a market rent, then the donor will not reserve a benefit.

A gift may start off as a gift with reservation, but some time later, the reservation ceases. For example, if the transferor gave their house to their daughter, but continued to live there without paying any rent, that would be a gift with reservation. If, after two years, the transferor started to pay a market rent, the reservation would cease when the rent was first paid. Once the reservation ceases, the gift becomes an outright gift at that point and the seven-year period starts to run from the date the reservation ceased.

If the transferor dies within the seven-year period, the gift becomes chargeable for inheritance tax and we should be told about it on form **IHT100**. You should include the value of the property at the time the reservation ceased. However, the law says that where a gift with reservation becomes an outright gift, you cannot deduct any of the exemptions from the value of the gift. There are other more complicated rules that can apply to a gift with reservation. You should telephone our helpline if you not sure.

If you are telling us about a gift with reservation do not work out the tax. We will do it for you.

How to fill in event form IHT100a

Name of transferor

- ▶ You should fill in event form **IHT100a** if you have ticked box A1 on form **IHT100**. We need the information in this form to enable us to work out the value of the gift and to work out the tax, if any, that is due.
- ▶ Enter the name of the person who has made the gift. This should be the same as the one given in section B on the form **IHT100**. Enter the date of the transfer.

About the transfer

- 1.1** Write in the name and address of each person receiving the gift and their relationship to the person who has made the gift.

If the person receiving the gift was the deceased's spouse or civil partner please insert the words "spouse or civil partner".

Describe the interest in the assets that passed from the transferor to the transferee. If the transferee became the owner of the assets without restriction they took an absolute interest in them. If the assets were put into a trust fund giving the transferee an interest in, say the income during their life they took a life interest in the assets. Include details of the person(s) entitled to that interest. If the assets were transferred into a discretionary trust include details of the trustees and in column 2 write in "as trustees of the _____" (name of settlement).

- 1.2** Tick the appropriate box to show whether or not the transferor is paying any inheritance tax arising on the transfer.

The rules about who is liable to inheritance tax are complicated. If you have any doubt about who is liable for the tax in any situation telephone our helpline.

The following is a summary of who is liable to inheritance tax. For full details visit our website.

Liability on death

- ▶ The liability for tax on a potentially exempt transfer that has become chargeable falls to.
 - The transferee
 - Any person in whom the property has vested.
 - Or, if the property is settled property, any person for whose benefit any property or income from it is applied.

The transferor is not liable but the personal representatives of the transferor are secondarily liable to a limited extent.

The liability for tax on settled property in which the deceased had an interest in possession falls to:

- the trustees
- the personal representatives in respect of any settled land in the UK which devolves upon or vests in them
- any person in whom the property is vested after the death
- any person for whose benefit the property or income from it is applied after the death.

- ▶ On lifetime transfers chargeable to inheritance tax at the time they were made, the transferor is primarily liable.

If the tax remains outstanding after the due date the following people are liable.

- The transferee.
- Any person in whom the asset vested.
- Where the asset is settled by the transfer any person for whose benefit any property or income is applied.
- In certain circumstances the spouse or civil partner of the transferor.

Where tax is due on a principal charge, proportionate charge or flat rate charge the trustees are normally primarily liable.

If the tax remains unpaid after the due date the following persons are also liable to a limited extent.

- Any person entitled whether beneficially or not to an interest in possession in settled property.
- Any person for whose benefit the assets or income from it is applied.
- The settlor if he is alive at the time of the chargeable event and the trustees are for the time being outside the UK.

1.3 If the gift was part of an exchange of any sort or if the transferor received any money for the asset you should answer **yes** to this question.

1.4 Write in a brief description of the assets received and state their value at the date of the transfer.

1.5 If the gift was in any way connected with any other transaction or arrangement you should answer **yes** to this question.

1.6 Provide a brief explanation of the position in this box.

1.7 If there have been any other transfers or arrangements affecting the assets transferred which were connected with the present gift in any way you should answer **yes** to this question.

1.8 Explain the position in the space provided.

1.9 If the gift was of land and the transferor or their spouse or civil partner kept any land adjacent to the land given away answer **yes** to this question.

1.10 Tell us about the other land in this box.

1.11 If the gift was of shares in an unquoted company and the transferor or their spouse or civil partner retained other shares in the company, answer **yes** to this question.

1.12 Write the numbers and types of shares retained in this box .

1.13 If the transfer was in any way connected with a policy of assurance or

annuity answer **yes** to this question.

1.14 Tell us how the policy of assurance or the annuity was dealt with and forward a copy of the policy or policies.

2 Earlier transfers

2.1 If the transferor is alive or if they survived the date of transfer by more than seven years answer **yes** to this question.

2.2 Answer **yes** to this question if the transferor made any other gifts or transfers of value that were chargeable to inheritance tax at the time they were made during the seven years ending on the date of the gift you are telling us about now.

A chargeable gift is, broadly, any gift which is not wholly covered by exemptions and

- was made before 18 March 1986, or
- was made on or after 18 March 1986 and was given to a company or the trustees of a discretionary trust. This means that gifts from one individual to another or to an accumulation and maintenance trust or a trust for the disabled are not chargeable gifts and you should disregard them when considering your answer to question 2.2.

2.3 Answer **yes** to this question if the transferor is dead and they made **any** gifts before the date of this gift and during the seven-year period ending on the date of their death, which were not exempt gifts or any gifts that were chargeable for inheritance tax at the time they were made within seven years of the date of the gifts.

2.4 If you have answered **yes** to question 2.2 write in the total value of the chargeable gifts made by the transferor in the seven-year period ending on the date of this gift.

If you have answered yes to question 2.3 write in the total value of all of the gifts made by the transferor in the seven-year period ending on the date of their death but before the date of this gift.

2.5 Write in the inheritance tax file reference under which the previous gifts were dealt with if you know it. If you are completing this form as the person who has received the gift you should try to find out this figure. If you are unable to do so enter “not known” in this box.

2.6 Write in the inheritance tax threshold that is applicable. The tax threshold to be used is normally the one that is applicable at the date of the transfer. If this gift occurred within seven years of the date of the transferor’s death and the threshold at that date was higher write in the threshold applicable at the date of death.

3 Gifts with reservation are explained on page **32** of this guide. You only need to complete questions 3.1 to 3.3 if you are telling us about a lifetime transfer after the death of the transferor.

3.1 You should answer **yes** to this question if the transferor made a gift but the person receiving the gift did not take full ownership or possession of the assets given.

Gifts with reservation

	3.2	You should answer yes to this question if the transferor made a gift of land and continued to benefit from the property without any contractual or other arrangement, for example, by simply continuing to live there. You should also answer yes to this question if the deceased made a gift of land on or after 9 March 1999, and the deceased or their spouse or civil partner continued to benefit from, or enjoy, the property through a lease or trust or similar right, or through any arrangement.
	3.3	You should answer yes to this question if the transferor made a gift of any other asset apart from land, but continued to receive some benefit from all or part of the asset given.
Value at date of death	3.4	Because the law says we include a gift with reservation as part of the deceased's estate, we need to value it at the date of death. Write in the value at the date of death.
Amount and type of exemption	▶	The law says that the exemption for gifts out of income and the annual exemption do not apply to a gift with reservation.
Taper relief	4	Taper relief is explained on page 26 of this guide. If you wish to claim taper relief tick the yes box and answer questions 4.1 and 4.2.
	4.1	Write the date of the transferor's death.
	4.2	Write in the rate from the table on page 26 of this guide.
Successive charges relief	5	Successive charges relief is explained on page 24 of this guide. If you want to claim successive charges relief tick the yes box and answer questions 5.1 to 5.6.
	5.1	Write in the date on which the assets were placed in trusts for the benefit of the Transferor. This is the first transfer.
	5.2	Write in the value for inheritance tax purposes of the first transfer.
	5.3	Write in the inheritance tax on the first transfer.
	5.4	Write in the value of the assets at the date of the first transfer on which tax may not be paid by instalments that were included in both the first and second transfer.
	5.5	Write in the value of the assets at the date of the first transfer on which tax may be paid by instalments that were included in both the first and second transfers.
	5.6	Using the table on page 25 write in the percentage of the tax that may be deducted.
Double taxation relief	6	Double taxation relief is explained on page 26 .
	6.1	Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may not be paid by instalments.

Tax previously paid

- 6.2** Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may be paid by instalments.
- 6.3** Add the amounts in boxes 6.1 and 6.2 together and write the result in this box.
- 7** If the tax was previously paid on this transfer answer questions 7.1 to 7.3.
- 7.1** If any tax was previously paid on this transfer write the amount which could not be paid by instalments in this box.
- 7.2** If any tax was previously paid on this transfer write the amount which could be paid by instalments in this box.
- 7.3** Add the amount in box 7.1 to the amount in box 7.2 and write the total in this box.

Event form IHT100b termination of an interest in possession

- ▶ Enter the name of the transferor. This information can be taken from B2 and B3 on form **IHT100**. Enter the date of the chargeable event.

- 1.1** Write in the names and addresses of the people who benefited as a result of the ending or transfer of the interest in possession. State their relationship to the transferor.

If the person who benefited was the transferor's spouse or civil partner please insert the words "spouse or civil partner".

Finally tell us what interest they took in the property. For example, did they become the outright owners of the property or a share in it, or did they get a life interest in it? If the transferee took the assets as trustee tell us the name of the settlement.

- 1.2** Tell us, who will pay any inheritance tax arising on this transfer. See the notes about who is liable for the inheritance tax at 1.2 – How to fill in IHT100a on page **33**.

- 1.3** Answer **yes** to this question if the ending of the interest in possession came about because the life tenant died.

- 1.4** Answer **yes** if the transferor received any assets including cash in return for the transfer or ending of the interest in possession.

- 1.5** Tell us about any assets or consideration the transferor received in return for the transfer or ending of their interest in possession in the settled property. You should also state the value of those assets at the date of the transfer.

- 1.6** Answer **yes** to this question if the ending or transfer of the interest in possession was part of a wider series of transactions or arrangements.

- 1.7** If the ending or transfer of the interest in possession was part of a wider series of transactions or arrangements use this box to tell us about those arrangements.

- 1.8** Answer **yes** to this question if the transfer was in any way related to an assurance policy or annuity.

- 1.9** Tell us how the assurance policy or annuity was involved with the transaction.

Earlier transfers

- ▶ See the notes on earlier transfers starting on page **31**.

- 2.1** Answer **yes** to this question if the transferor is alive when you are completing this return or if the transferor died more than seven years after the date of the gift.

- 2.2** Answer **yes** to this question if the transferor made any **chargeable transfers** in the seven years ending on the date of the transfer you are telling us about now.

2.3 This question should be answered if:

- the transferor is dead and the ending or disposal of the interest in possession occurred within seven years of the date of death and
- the ending of the interest in possession did not occur because of the transferor's death.

Answer **yes** to this question if the transferor made **any** other gifts in the seven years ending on the date of death and before the date of this transfer or any gifts that were chargeable to inheritance tax at the time they were made in the seven years ending on the date of the gift.

2.4 If you have answered **yes** to question 2.2 or 2.3 write in the total value of the chargeable transfers made by the transferor in the seven-year period ending on the date of gift. If you have answered **yes** to question 2.3 write in the total value of all gifts made by the transferor in the seven-year period ending on the date of death and before the date of this transfer.

2.5 Write in the IHT file reference under which the previous gifts were dealt with if you know it.

2.6 Write in the inheritance tax threshold that is applicable. The tax threshold to be used is normally the one that is applicable at the date of the transfer. If this gift occurred within seven years of the date of the transferor's death and the threshold at that date was higher write in the threshold applicable at the date of death.

- ▶ Questions 3.1 to 3.4 need only be answered if the transferor has died. See the notes beginning on page **32**.

3.1 You should answer **yes** to this question if the transferor made a gift and the person receiving the gift took full ownership or possession of the assets given.

3.2 Answer **yes** to this question if the transferor:

- ceased to have an interest in possession in land as a result of the ending or disposal of the interest in possession and continued to benefit from the property without any contractual or other arrangement, for example, by simply continuing to live there
- made a gift of land on or after 9 March 1999, and the transferor or their spouse or civil partner continued to benefit from, or enjoy, the property through a lease or trust or similar right, or through any arrangement.

3.3 You should answer **yes** to this question if the transferor ceased to have an interest in possession in any other asset apart from land, but continued to receive some benefit from all or part of the asset given.

3.4 Because the law says we include a gift with reservation as part of the deceased's estate, we need to value it at the date of death. Write in the value at the date of death.

The law says that the exemption for gifts out of income and the annual exemption do not apply to a gift with reservation.

Taper relief

4 Taper relief is explained on page **26** of this guide. If you wish to claim taper relief tick the **yes** box and answer questions 4.1 and 4.2.

4.1 Write the date of the transferor's death.

4.2 Write in the rate from the table on page **26** of this guide.

Successive charges relief

5 Successive charges relief is explained on page **24** of this guide.

If you want to claim successive charges relief tick the **yes** box and answer questions 5.1 to 5.6.

5.1 Write in the date on which the assets were placed in trusts for the benefit of the Transferor. This is the first transfer.

5.2 Write in the value for inheritance tax purposes of the first transfer.

5.3 Write in the inheritance tax on the first transfer.

5.4 Write in the value of the assets at the date of the first transfer on which tax may not be paid by instalments that were included in both the first and second transfer.

5.5 Write in the value of the assets at the date of the first transfer on which tax may be paid by instalments that were included in both the first and second transfers.

5.6 Using the table on page **25** write in the percentage of the tax that may be deducted.

Double taxation relief

6 Double taxation relief is explained on page **26**.

6.1 Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may not be paid by instalments.

6.2 Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may be paid by instalments.

6.3 Add the amounts in boxes 6.1 and 6.2 together and write the result in this box.

Tax previously paid

7 If the tax was previously paid on this transfer answer questions 7.1 to 7.3.

7.1 If any tax was previously paid on this transfer write the amount which could not be paid by instalments in this box.

7.2 If any tax was previously paid on this transfer write the amount which could be paid by instalments in this box.

7.3 Add the amount in box 7.1 to the amount in box 7.2 and write the total in this box.

**Event form
IHT100c Assets
ceasing to be held
in discretionary
trusts.
Proportionate
charge**

- ▶ You should fill in form **IHT100c** if you are telling us about assets in a discretionary trust ceasing to be relevant property and have ticked box A3 on form **IHT100**.

Do not use this form to tell us about an event giving rise to a proportionate charge if:

- the settlement commenced before 27 March 1974 and
- the event took place within ten years of the date on which the settlement commenced. If so contact our helpline.

First write in the name of the settlement and the date on which it commenced in the space provided.

Section 1

- 1.1** Write in the date of the chargeable event that has given rise to the proportionate charge.
- 1.2** Briefly describe what has happened to give rise to the proportionate charge. If there was a distribution to any of the beneficiaries, or if assets simply ceased to be held on discretionary trusts say so.
- 1.3** Answer **yes** if, as a result of the chargeable event you are telling us about, the settlement came to an end or no assets remained on discretionary trusts. Otherwise answer **no**.
- 1.4** Write in the name and address of each transferee.
- 1.5** Write in the interest taken by each transferee. If the transferee became the outright owner of the assets, they have taken an absolute interest. If they became entitled to benefit from the asset during their lifetime without owning it and, on their death, it passed to someone else they took a life interest.
- 1.6** If the inheritance tax arising on this chargeable event is **not** being paid out of the assets that are ceasing to be held on discretionary trusts, tick this box. These are the assets that you need to tell us about on from **IHT100**.
- 1.7** Write in the inheritance tax threshold that applied at the date of the chargeable event.

Section 2

- ▶ Fill in section 2 if the chargeable event that gave rise to the proportionate charge occurred within ten years of the date on which the settlement started. If the event you are telling us about occurred more than ten years after the date on which the settlement started go to section 3.

2.1 Write in the value of all the assets put into the settlement on the day it started. Those assets are to be valued at the date the settlement started. When valuing them it should be assumed that the settlement had already started.

2.2 Answer **yes** to this question if assets have been added to the settlement between the date on which it started and the date of this chargeable event.

2.3 Write in the value of **any** assets added to the settlement between the date on which it started and the date of this chargeable event. The assets should be valued at the date they were included in the settlement. If more than one asset was added value each on the date it was included in the settlement and write the total value in this box.

2.4 Write in the IHT file reference under which the additions were dealt with by us if you know it. Remember that unless the additions to the settlement were transfers which were chargeable when made nobody is required to tell us about them, so long as the person who made the transfer survived for seven years or is still alive.

2.5 Answer **yes** to this question if the settlor set up any other settlements on the same day as the settlement in respect of which this proportionate charge arose. The other settlements about which we need to know are not restricted to discretionary trusts.

2.6 Write in the value of the assets in each settlement set up by the settlor on the same day as the settlement in respect of which this proportionate charge arose. The assets in those settlements are to be valued at the date on which the settlement started.

If there was more than one settlement add the values of the assets in each together and write the total in answer to this question.

2.7 Answer **yes** to this question if the settlor made any chargeable transfers during the seven-year period ending immediately before the settlement was set up.

A chargeable transfer is one which was chargeable to inheritance tax at the time it was made. The law says that a transfer of value is chargeable when it is made unless it is an exempt transfer or a transfer of value made by an individual to another individual or to an accumulation and maintenance fund or to a trust for the maintenance of disabled people or to a protective trust.

2.8 Write in the total value of all the chargeable transfers made by the settlor during the seven years ending immediately before the settlement was set up. Each transfer is to be valued at the date on which it was made. If the settlement commenced before 27 March 1974 write '0' in this box.

2.9 If you know the IHT reference under which the previous chargeable transfers were dealt with write it in here.

2.10 If any of the assets on which tax is being charged became relevant property after the date on which the settlement started answer **yes** to this question.

2.11 If you have answered **yes** to question 2.10 you should write down the date on which each asset became relevant property, describe the asset and state its value at the date on which it became relevant property. If a number of assets became relevant property on the same day they may be grouped together on one line.

Section 3

- ▶ Fill in section 3 if the chargeable event which gave rise to the

proportionate charge occurred **more** than ten years after the date on which the settlement started.

- 3.1 Write in the date of the last ten-year anniversary.
- 3.2 Write in the value on which the rate of inheritance tax was calculated at the last ten-year anniversary. This information may be obtained from the assessment we sent to you or if you calculated the tax yourself, the worksheet you used.
- 3.3 Write in the total value on which proportionate charges have arisen in the ten years prior to the last ten-year anniversary. Do not include any amount that is exempt in this figure.
- 3.4 Write in the value of previous chargeable transfers taken into account to work out the tax at the last ten-year anniversary.
- 3.5 Add box 3.3 and 3.4 together and subtract the result from box 3.2. Write the result in this box.
- 3.6 Answer **yes** to this question if there have been any additions to the settlement since the last ten-year anniversary.
- 3.7 Use the table to provide the details requested about any assets added to the settlement since the last ten-year anniversary. Add the values of each asset together and write the totals in the space provided. The assets are to be valued at the date they were added to the settlements or, if later the date on which they last became relevant property.
- 3.8 Answer **yes** to this question if there were any assets in the settlement at the date of the last ten-year anniversary that were not relevant property at that time but became relevant property between the date of the last ten-year anniversary and the date of this chargeable event.
- 3.9 Write in the details we ask you for about assets in the settlement at the last ten-year anniversary that were not relevant property then but became relevant property between the date of the last ten-year anniversary and this chargeable event.
- 3.10 If any of the assets which became relevant property since the last ten-year anniversary are included in this chargeable event answer **yes** to this question.
- 3.11 Write in the details we ask you for about the assets comprised in this chargeable event which became relevant property since the last ten-year anniversary.

Keep the assets on which the tax may not be paid by instalments separate from the assets on which the tax may be paid by instalments.

- 4 Double taxation relief is explained on page **26**.

Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may not be paid by instalments.

Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may be paid by instalments.

Add the amounts in boxes 6.1 and 6.2 together and write the result in this box.

**Event form IHT100d
Non interest
in possession
settlements
principal charge (10
year anniversary)**

- ▶ You should fill in event form **IHT100d** if you are telling us about a principal charge arising on the ten-year anniversary of a settlement and have ticked box A4 on form **IHT100**.

First write in the name of the settlement and the date on which it commenced.

- 1.1** Write in the date of the ten-year anniversary on which the charge arose.
- 1.2** Answer **yes** to this question if any of the relevant property in the settlement at the ten-year anniversary became relevant property during the ten-year period ending on the date of the anniversary.
- 1.3** Briefly describe the asset. State the date on which it became relevant property. State the value of the asset at the date of the ten-year anniversary. If the asset was relevant property for more than one period of time tell us when it last became relevant property.
- 1.4** Answer **yes** to this question if any proportionate charges arose during the ten-year period ending on the date of the anniversary you are telling us about.
- 1.5** Write in the total value of the assets on which the proportionate charges arose. You should not include any part of the value that is exempt. For example, assets valued at a £100,000 ceased to be relevant property. Business relief is allowable at 50% the amount which should be included is £50,000.
- 1.6** Answer **yes** to this question if the settlor made any chargeable transfers during the seven years ending on the date on which the settlement was set up. Ignore any that were made on the day on which the settlement was set up. Answer **no** if the settlement commenced before 27 March 1974.

A chargeable transfer is one which was chargeable to inheritance tax at the time it was made. The law says that a transfer of value is chargeable when it is made unless it is an exempt transfer or a transfer of value made by an individual to another individual or to an accumulation and maintenance fund or to a trust for the maintenance of disabled people or to a protective trust.

- 1.7** Write in the total value of the chargeable transfers made by the settlor during the seven years ending on the date on which the settlement was made. Ignore any transfers made on the day the settlement was made.
- 1.8** Answer **yes** to this question if, the settlor made any chargeable transfers and all of the following conditions are met.
 - The chargeable transfer was made after the settlement commenced.
 - The chargeable transfer was made after 8 March 1982.
 - The chargeable transfer was made before the ten-year anniversary you are telling us about.
 - The chargeable transfer resulted in the **value** of the settlement being increased.

For this purpose it does not matter whether or not assets were transferred into the settlement itself. The test is whether, as a result of the chargeable transfer made by the settlor, the value of the settlement was increased.

- 1.9** Write in the total value of chargeable transfers made by the settlor during the seven years ending immediately before the transfer referred to in answer to question 1.8 was made. Ignore any transfers made on the same day as the transfer referred to in question 1.8 and any transfers made into this settlement.

If more than one transfer met the conditions set out in 1.8 above you will need to calculate the value of the chargeable transfers made in the seven years ending immediately before each transfer. When you have done that choose the highest result and write that value in answer to question 1.9.

- 1.10** Write in the higher of the answers to questions 1.7 and 1.9.

- 1.11** Answer **yes** to this question if there were any assets in the settlement at the anniversary date that were not and had never been relevant property. If this settlement commenced before 27 March 1976 answer **no** to this question.

- 1.12** Briefly describe the asset. Write in the date on which it was put into the settlement. State the value of the asset on the date it was put into the settlement. Keep the assets on which the tax may not be paid by instalments separate from the assets on which the tax may be paid by instalments. Assets put into the settlement on the same day may be grouped together in one entry.

- 1.13** Answer **yes** to this question if the settlor set up or put assets into any other settlement or trust on the day that this settlement started. Remember that these settlements are not restricted to discretionary trusts. If this settlement commenced before 27 March 1976 answer **no** to this question.

- 1.14** Write in the total value of the assets put into the settlements and trusts set up by the settlor on the same day as this settlement.

- 1.15** Write in the IHT file reference under which the settlements referred to in answer to question 1.14 were dealt with if you know it. Remember that an IHT file reference number will only exist if the settlement was a discretionary trust or if the settlor has died and the other settlements or trusts were set up within seven years of the date of death.

- 1.16** Write in the amount of the threshold in force at the date of the chargeable event you are telling us about.

- 2** Double taxation relief is explained on page **26**.

Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may not be paid by instalments.
Write in the sterling equivalent of the foreign tax paid on the foreign assets on which inheritance tax may be paid by instalments.
Add the amounts in boxes 6.1 and 6.2 together and write the result in this box.

Event form IHT100e Charge on special trusts

- ▶ You must fill in event form **IHT100e** if you are telling us about assets that ceased to be held on special trusts. For example assets held in an accumulation and maintenance trust which no longer meets the conditions needed to benefit from special tax treatment for any reason other than the beneficiaries becoming entitled to a benefit on reaching a specified age. Write in the name of the settlement and the date on which it started.

- 1.1** Write the date of the event that gave rise to the charge in this box.
 - 1.2** Write a brief description of the event in this box.
 - 1.3** Write the name(s) and address(es) of any person(s) who acquired a benefit from the event described in box 1.2 above.
 - 1.4** Answer **yes** to this question if any assets in the settlement continue to be held on special trusts.
 - 1.5** Answer **yes** to this question if the tax is to be paid out of assets held on special trusts.
 - 1.6** To work out any tax that is due it is necessary to know how long the assets involved in this chargeable event were held in special trusts. Fill in this box to give us this information. Keep the assets on which the tax may not be paid by instalments separate from the assets on which the tax may be paid by instalments. Briefly describe the asset. Write in the date on which the asset last became held on special trusts. Write in the value of the asset on the date of the chargeable event. If more than one of the assets involved in this chargeable event was put into the special trust on the same date they may be grouped together in one entry.
- 2** Fill in section 2 if you wish to claim double taxation relief. See the guidance on how to fill in section 6 of form **IHT100a** starting on page **36**.

**Event form
IHT100f Cessation
of conditional
exemption.
Disposal of timber
or underwood**

- ▶ Use this form to tell us about the ending of a conditional exemption or a disposal of timber or underwood that gives rise to a charge to inheritance tax. If the disposal gives rise to a charge to estate duty or capital transfer tax do not fill in an **IHT100** or **IHT100f**. Contact our helpline for advice on which form to fill in.

Write the name of the transferor and the date of the chargeable event in the boxes provided.

- 1.1** Write a brief description of the chargeable event in this box.
- 1.2** Write in the name(s) and address(es) of any person(s) who benefited from the chargeable event in this box.
- 2** Fill in section 2 only if you are telling us about an event which has resulted in the conditional exemption ceasing to apply.

A conditionally exempt transfer is a transfer or other occasion of charge that benefits from the conditional exemption. To work out the tax when the conditional exemption comes to an end we need to know the relevant person. In broad terms the relevant person is the person who made the last transfer of the asset to benefit from the conditional exemption.

- 2.1** Tick the appropriate box and then go to the question you are directed to.
- 2.2** Answer this question by ticking the box that applies. Then go to the question you are directed to.
- 2.3** Answer this question by ticking the box that applies. Then go to the question you are directed to.
- 2.4** Write in the names of the persons who have made conditionally exempt transfers in the thirty-year period ending on the date of the chargeable event you are telling us about. If any of the people you have named are dead write in their date of death.

If you have answered this question do not answer any more questions on the form **IHT100f**. Fill in the **IHT100** and any supplementary pages needed, sign it and send it to us. We will decide who the relevant person is and work out the tax. We may need to ask you for additional information.

- 2.5** Write the name of the person who made the last conditionally exempt transfer. This is the **relevant person**.
- 3** If you are telling us about the disposal of trees or underwood do not fill in this section.
 - 3.1** Answer **yes** to this question if the relevant person is alive.
 - 3.2** Answer **yes** to this question if the assets that were conditionally exempt were settled in trusts.
 - 3.3** If the asset was relevant property in a discretionary trust when it became conditionally exempt answer **yes** to this question.

3.4 If the asset was relevant property during all of the period from the time it became conditionally exempt to the date of this chargeable event answer **yes** to this question.

3.5 Answer **yes** to this question if the conditionally exempt transfer took place on the death of the relevant person.

3.6 Where conditionally exempt assets are held on discretionary trusts there are certain circumstances in which the relevant person is deemed to be the settlor. In these circumstances only a proportion of the inheritance tax which would otherwise be due becomes payable. The circumstances are:

- the conditionally exempt assets are relevant property
- there has been an event (such as a principal or proportionate charge) affecting the assets which is exempt from inheritance tax because the assets are conditionally exempt. Answer **yes** to this question if these conditions are met.

Tick the appropriate box in answer to the question.

3.7

Fill in this section if you are telling us about the disposal of trees or underwood.

4

Write in the amount of inheritance tax which was paid on the estate of the person from which the value of the trees or underwood was omitted.

4.1

Example

A died on 24 May 1990 leaving his estate to B

His estate for inheritance tax purposes was £325,000

Excluded from this amount was the value of timber

The inheritance tax on £325,000 was £ 82,800

On 7 June 2002 B sold timber for £7,000 after allowable expenses.

In this example the answer to question 4.1 is £82,800

Write in the date on which the person from whose estate the value of the trees or underwood was omitted died.

4.2

In the example above:

A's date of death was 24 May 1990.

This is the date that should be given in answer to question 4.2.

Answer **yes** to this question if business relief would have been allowed on the value of the trees or underwood if it had been included in the original estate.

4.3

Answer the questions in this section to give us the remaining information needed to calculate any inheritance tax that arises.

5

5.1

If the relevant person is dead or you are telling us about the disposal of trees or underwood write in the value of their estate for inheritance tax purposes at the date of death. Include the value of any lifetime transfers taken into account to calculate the tax. From the example given the value

of A's estate which was £325,000 should be written in here.

5.2 Answer **yes** to this question if the relevant person made any gifts or other transfers of value.

1. During the period of seven years ending on the date of the conditionally exempt transfer, if the relevant person is alive or

2. During the seven years ending in the date of death if the relevant person is dead.

Failed potentially exempt transfers should not be included unless you are telling us about a disposal of timber or underwood.

5.3 Write in the value of the gifts or other transfers of value made by the relevant person.

5.4 Write in the inheritance tax threshold at the date of this chargeable event.

5.5 To work out the inheritance tax we need to know the date of the last ten-year anniversary to take place before the assets were put into the settlement. Use a different line for each ten-year anniversary that applies. If the same ten-year anniversary applies to more than one asset they can be grouped together on one line.

Example

The AB settlement was set up on 27 June 1987

On 3 August 1990 the settlor placed a 17th Century Italian walnut bureau and a Graingers Worcester armorial blue-grey ground dinner service in the settlement.

These items became designated property in 1995.

On 5 September 1999 the settlor placed a pair of 18th Century Chippendale style mahogany card tables in the settlement.

These became designated property in mid 2000.

The items were disposed of on 17 June 2002 at which time the conditional exemption ceased to apply and an inheritance tax charge arose. The same ten-year anniversary applies to the two items put into the settlement on 3 August 1990. In this example it is the 27 June 1987, the date on which the settlement started. These two items may be grouped together.

The ten-year anniversary that applies to the pair of Chippendale style card tables is 27 June 1997. They should be entered on a separate line.

In column A briefly describe the asset or group of assets. Write in the date of the last ten-year anniversary to take place before the asset or group of assets were placed in the settlement in column B. Write in the value of the asset or group of assets at the date of the chargeable event in column C.

Supplementary pages

D31 (notes) Domicile

- ▶ If you have said that the transferor was domiciled outside the UK at the date of the chargeable event or, in the case of a settlement the settlor was domiciled outside the UK on the date the settlement was set up you should fill in form **D31**.

If you are telling us about an event other than a proportionate charge or a principal charge fill in the name of the transferor in the space provided.

If you are telling us about a proportionate charge or a principal charge fill in the name of the settlor in the space provided. In all cases fill in the date of the chargeable event.

- 1** Use this box to write a brief history of the transferor's or settlor's life to show the basis on which they are domiciled in the overseas territory. If the transferor or settlor is female and had married at any time on or before 1 January 1974 include a history of the life of their husband (or husbands) while she was married up to that date.
- 2** If the transferor or settlor was domiciled in the UK at any time during the three years up to the date in the table in this question answer **yes** to the question.
- 3** If the transferor or settlor was resident in the UK for tax purposes during the three years up to the date referred to in question 2 answer **yes** to this question.
- 4** Answer **yes** to this question if you expect the terms of a Double Taxation Convention or Agreement to apply to this transaction.
- 5** Answer **yes** to this question if any foreign tax is to be paid on assets in the UK as a result of this transaction.

How to fill in form D32 D32 (notes)

- 1** You should include the following shares in these columns:
 - all stocks, shares, debentures and other securities quoted in the Stock Exchange Daily Official List
 - unit trusts
 - investment trusts
 - Open-Ended Investment Companies
 - Personal Equity Plans
 - shares which are held in an Individual Savings Account
 - foreign shares which are listed on the London Stock Exchange.
- 2** You should include the following securities in these columns:
 - Treasury Bills, Treasury Annuities, Treasury Stock, Exchequer Stock, Convertible Stock, Consolidated Stock and Loan, Funding Stock, Savings Bonds, Victory Bonds, War Loan,
 - Government Stock held on the Bank of England Register (previously held on the National Savings Register)
 - all UK municipal securities, mortgages, debentures and stock in counties, cities or towns, dock, harbour and water boards, Port of London Authority, Agricultural Mortgage Corporation, N.Ireland municipal stock.
- 3** You should include the following shares in these columns:
 - unquoted shares and securities in private limited companies
 - shares held in a Business Expansion Scheme (BES) or in a Business Start-up Scheme (BSS).

4 You should include the following shares in these columns

- shares listed on the Alternative Investment Market (AIM).
- shares traded on the Unlisted Securities Market (USM)
- shares traded on OFEX (an unregulated trading facility for dealing in unquoted shares).

The value for inheritance tax of quoted stocks and shares is either

- one quarter up from the lower to the higher limit of the prices quoted, or
- halfway between the highest and lowest bargains recorded for the day, but excluding bargains at special prices.

- ▶ The FT contains prices for many UK and foreign shares, for unit trusts and investment trusts and for insurance linked investment products. The extract from the FT below explains which figures you should take to work out the value of the shares. There is an example of how to work out the value on the next page.

How to value stocks and shares listed on the Stock Exchange

The Financial Times (FT)

★

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• Authorised and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the Cityline Help Desk on (+44 171) 8734378 for more

	Init Notes	Selling Charge	Buying Price	+ or -	Yield
Mercury Fund Managers Ltd. - Contd.					
Govt Securities.....	3	205.4xd	108.6	+0.700	5.26
(Accum Units).....	3	253.5xd	261.4	+0.300	5.26
Gold & General.....	5%	124.7xd	134.1	+0.300	0.00
(Accum Units).....	5	129.7xd	139.5	+0.300	0.00
Growth Portfolio.....	5	111.9	118.9	+0.800	1.65
(Accum Units).....	5	113.9	121.1	+0.800	1.65
High Income.....	3%	115.1xd	119.4	+0.400	8.90
(Accum Units).....	3	140.3xd	145.5	+0.500	8.00
Income.....	5	267.7	285.1	+2.300	2.77
(Accum Units).....	5	488.5	520.3	+4.300	2.77
Income Portfolio.....	5C	146.2xd	165.0	+0.700	3.70
(Accum Units).....	5C	179.1xd	100.0	+0.300	3.70
International Opps.....	5	772.7xd	817.2	-0.40	0.30
(Accum Units).....	5	1060xd	1121	.....	0.30
Japan.....	5	189.8	201.8	-0.20	0.08
(Accum Units).....	5	194.9	207.1	-0.20	.....
MAMPI Growth.....	6	172.8xd	186.7	.....	.....
(Accum Units).....	6	.....	.....	.....	.....
Norwich Union Tst Managers - Cont.					
UK Smaller Cos Accum.....	0	105.63	-0.05	.....	.....
UK Ethical Accum.....	0	76.37	+1.01	.....	.....
Global Equity Accum.....	0	86.89	+0.40	.....	.....
European Equity Accum.....	0	85.57	.....	.....	.....
US Growth Accum.....	0	83.86	.....	.....	.....
US Smaller Accum.....	0	85.32	.....	.....	.....
Japan Growth Accum.....	0	130.25	.....	.....	.....
South East Asia Accum.....	0	.....	.....	.....	.....
Asia Pacific Accum.....	0	.....	.....	.....	.....
Corporate Bond.....	0	.....	.....	.....	.....
Global Bond.....	0	.....	.....	.....	.....
NU GROUP SHARES					
Portfolio.....	0	.....	.....	.....	.....
UK Equity.....	0	.....	.....	.....	.....

Name of company

Share price. If the price is followed by the letters "xd", you will need to include a separate figure for the dividend.

If two prices are shown, take the lower of the two.

Extract from the Financial Times dated 4 August 1999.
Reproduced by kind permission of the Financial Times.

- ▶ Another way to find out about share prices is to use the London Stock Exchange Historic Price service.

The internet service (www.londonstockexchange.com) delivers the Historic Price reports on-line, while you wait, for prices after 10 June 1999.

Requests for prices before 10 June 1999 need to be made in writing. You should provide a full description of the stocks and shares you need a quotation for. For example, do not say "A N Other shares" but give the full name and nominal value - "A N Other Plc 10p ordinary shares". You will also need to give the date of the chargeable event.

The Stock Exchange Historic Price Service

You can send your request in writing by:

E-mail: products@londonstockexchange.com

Fax: 020 7797 1952, or

Post: Historic Price Service
London Stock Exchange
10 Paternoster Square
London EC4M 7LS

Charges

- ▶ There is a charge for both the internet and the manual service. Please check the London Stock Exchange website to find out what the current charges are.

How to work out the value of the shares

- ▶ In this example, the transfer included 1,250 10p ordinary shares in Abbey National Plc. The Stock Exchange tells you that the end of day quotation for the day of the chargeable event was “p1091 - 1101xd” and the dividend was 2.3p.

To work out the value of the shares, you should multiply the number of shares by the “quarter-up” price. The “quarter-up” price is the lower price (1091) plus $\frac{1}{4}$ of the difference between the two prices ($\frac{1}{4}$ of 10p or 2½p). The “quarter-up” price is $1091 + 2\frac{1}{2} = 1093\frac{1}{2}$ p. So the value of the shares will be $1,250 \times \text{£}10.93\frac{1}{2} = \text{£}13,668.75$.

The value of the dividend

- ▶ To work out the value of the dividend, multiply the number of shares by the dividend per share. The value of the dividend will be $1,250 \times 2.3\text{p} = \text{£}28.75$. Sometimes the dividend may be given as a percentage, say 2.6%. Where this is the case, you can work out the dividend by finding out the percentage of the nominal value of the stock. So if the deceased had owned £400 of loan stock, the dividend would be 2.6% of £400 which equals £10.40.

The example below shows how the shares should appear on form **D32**

1					
Name of company and type of shares or stock, or full name of unit trust and type of units	Number of shares or units or amount of stock on which tax is being charged	Market price at date of transfer	Total value at date of transfer	Dividend Or interest due to date of transfer	For CT use only
<i>A N Other 10p ords</i>	<i>1,250</i>	<i>1093 ½</i>	<i>3,668.75</i>	<i>28.75</i>	

If the transfer took place at a weekend or on a bank holiday

- ▶ If the transfer was made on a day when the Stock Exchange was closed, you may take the price for either the next day or the last day when the Stock Exchange was open. For example, if the transfer took place on a Sunday, you may take the price for either the Monday after or the Friday before. You may use whichever day gives the lowest valuation.

Dividends and interest

- ▶ If you are telling us about a lifetime transfer of shares you should only include interest or dividends if they are part of the transfer.

If you are telling us about a principal or proportionate charge only include interest or dividends if they are relevant property and form part of the transfer.

Unit Trusts

- ▶ For unit trusts, investment trusts and open-ended investment companies the newspapers may show two prices. Take the lower of the two prices. If there was no price published on the day of the transfer, take the last price published before the transfer. Newspapers do not show dividends due on unit trusts. If these are to be included you will need to ask the fund managers what you should include as the declared dividend.

Personal Equity Plans (PEPs)

- ▶ If the transfer included a PEP you should obtain a valuation from the PEP managers. You can attach it to the form and write “see attached valuation” across the form. Copy the value of the shares in the PEP to the appropriate part of the form, but do not include any deductions for manager’s fees. If you cannot obtain a valuation, list the shares held in the PEP on the form and value them in the same way as other shares. You must include a figure for any uninvested cash held in the PEP with the value for the shares.

Individual Savings Accounts (ISAs)

- ▶ Only shares listed on a recognised stock exchange may be held in an ISA. If the transfer included any shares in an ISA, you should include those shares in either box 1 or 2 on the form. List the shares on the form and value them in the same way as other shares. You must include a figure for any uninvested cash held in the ISA, but **do not** include any other cash or insurance policies held in an ISA with the value for the shares. Cash should be included in form **IHT100** at box E8. Insurance policies should be included at E11. Shares listed on a foreign stock exchange may also be held in an ISA. You should include foreign shares (other than those listed on the London Stock Exchange) on form **D39**.

Things to look out for

- ▶ You should take particular care with the ‘unit of quotation’ shown in the stock exchange list. Because of company reorganisations the units on the share certificates, for example £1 ordinary shares, may be different from the unit quoted at the date of the chargeable event. If this is the case, the company’s registrar should be able to tell you how many shares of the new unit the transferor owned. With unit trusts etc, listed in the Financial Times under the ‘FT Managed Funds Service’ take care to find the right management group. Many companies will be listed more than once because they offer a large variety of investments. If you are filling in form **D32**, please write out the full name of the unit trust, for example “AXA Equity & Law Unit Trust Mangers, Pacific Basin Trust Accumulation Units”.

Unusual shares

- ▶ You will also find prices for shares traded on the markets below listed in the Financial Times.
 - AIM, the Alternative Investment Market, include any shares in table 4.
 - NASDAQ, the National Association of Securities Dealers Automated Quotations, include any shares on form **D39**.

- EASDAQ, the European Association of Securities Dealers Automated Quotations, include on form **D39**.
- OFEX, an unregulated trading facility for dealing in unquoted shares, include any shares in table 4.
- USM, the Unlisted Securities Market. This is only relevant if the chargeable event occurred before December 1996, include any shares in table 4.
- Transactions under Stock Exchange Rule 535 or 4.2. This is only relevant if the transfer occurred before September 1995. Include the shares in the appropriate table.

Foreign shares

- ▶ Foreign shares listed on the London Stock Exchange may have their nominal value given in the currency of their country, for example \$10. However, the price shown will be in sterling. You can value these shares as described above.

Stock Exchange markings

- ▶ The Stock Exchange Daily Official List includes a number of markings that may affect the value of the stocks and shares. Some of the markings increase the value of the shares. You will need to include this adjustment in box E5 on form **IHT100**. Some markings decrease the value and you will need to deduct the adjustment from the value you include for the shares. Others show that the transferor was entitled to some new shares at the date of transfer.

Markings which increase the value of the shares

- ▶
 - 'XD' (ex-dividend) – the dividend that is due remains payable to the transferor.
 - 'IK' ('gilts' plus interest) - the interest that has accrued is part of the value at the date of valuation.
 - 'IM' (fixed interest securities, loan and debenture stock plus interest) – this is the same as 'IK', but applies to a different type of security.
 - IK...X' ('gilts' minus interest) – interest due from the date of transfer to the date of payment of interest is deducted from the value at the date of transfer. Take the gross interest that has accrued from the date of transfer to the date interest was paid away from the value of the stock. If a separate interest payment has been received, include the net amount of the interest payment on form **D32** if appropriate.
 - IM...X' (fixed interest securities, loan and debenture stock minus interest) - this is the same as 'IK...X', but applies to a different type of security. Take the gross interest that has accrued from the date of transfer to the date interest was paid away from the value of the stock. If a separate interest payment has been received, include the net amount of the interest payment on form **D32** if appropriate.

Markings which mean the transferor was entitled to new shares

- ▶
 - 'XC' (ex-capitalisation) – include the new shares
 - 'XR' (ex-rights) – account for the value of the new shares or rights
 - 'XE' (ex-entitlement) – include the new shares or warrants, if any if they are comprised in the transfer. If you do not know how many new shares, rights or warrants to include, the company's registrar should be able to tell you. Include the new shares, rights or warrants with the original holding in boxes E1 to E4 on form **IHT100**.

- ▶ You must fill in form **D33** if any debts were due to the settlement or transferor at the date of the chargeable event and the value of those debts is part of the transfer you are telling us about. If the settlement or transferor was owed money from more than one source, please fill in a separate form **D33** for each debt. If the money owed to the settlement or transferor was a director's loan account or current account with a company or other business you only need to answer questions 3 and 4.

**How to fill in form
D33**

- 1** Write the date on which the loan was made in this box.
- 2** Write the amount of money that was loaned in this box.
- 3** Write the amount of the loan that remained outstanding at the date of the chargeable event in this box.

Interest

If the transferor passed the benefit of a debt to the transferee or if the transferor forgave a loan include any interest outstanding at the date of the transfer unless the transferor retained the right to receive it. However, if the debt forgiven was owed to a discretionary trust follow the notes relating to a proportionate charge below.

If you are telling us about a proportionate charge the tax arises on the value of relevant property which has ceased to be held on discretionary trusts. In that event interest outstanding at the date of transfer is not relevant property and should not be taken into account.

- 4** If you think that the full amount of the loan outstanding at the date of the chargeable event should not be included explain why you have included a lower amount and show how the figure has been worked out. Use form **D40** if necessary.
- 5** Please state the name(s) of the borrowers and describe any relationship between them and the settlor. If spouse or civil partner please write 'spouse or civil partner'.
- 6** If you have answered **yes** to this question please say what evidence there is. For example, a mortgage deed will show that the loan was secured on a property. Other evidence may be a letter between the trustees and the person borrowing the money. Please provide a copy of any evidence that exists. If there is no evidence, give brief details of the terms of the loan, for example, the period of the loan and whether it was repayable on demand.

If the loan is linked to any insurance or insurance related product please forward a copy of the policy.
- 7** If you have answered **yes** to this question, please say what rate interest was charged at and over what period. How often was the interest paid to the lenders?
- 8** If you have answered **yes** to this question, please say how much capital was repaid and when. You should say whether money was actually repaid to the trustees or whether the "repayment" was by the trustees writing off

some of the debt. If the trustees wrote off some or all of the debt, please provide a copy of the Deed(s) of Release.

D34 (notes)

- ▶ You must fill in form **D34** if the transfer was linked in any way with a life assurance policy. This includes premiums paid at regular intervals, for example monthly or quarterly as well as lump sum premiums. There are many different types of life insurance policy.

Mortgage protection policies

- ▶ If the policy is a mortgage protection policy, you should include the property, the mortgage and the policy as separate items.

Write in the name of the transferor or settlor and the date of the transfer in the spaces provided. Write in the name and address of the insurance company.

IP1 Write in the value of the policy at the date of transfer. This value should be obtained from the insurance company.

IP2 Write in the value of all premiums paid under the policy. Enclose a copy on the policy schedule.

D35 (notes) Household and personal goods

- ▶ You must fill in form **D35** if any household and personal goods were included in the chargeable event.

By household and personal goods we mean:

- antiques and works of art including paintings, drawings, sculpture, porcelain, glass, silver etc.
- jewellery
- collections of any kind including books, stamps, coins, medals, wines and spirits etc.
- TV, audio and video equipment, cameras and other specialist equipment
- all other furniture, household and domestic items including electrical items, clothes, garden equipment, tools etc.
- cars (including classic cars), caravans, boats etc.

How to fill in form D35

1 If you have a professional or specialist valuation, please attach a copy and enter the total value of the household or personal goods in box HG1.

If you have not had the items valued, you should group the items together according to the list above and include a value for each group. Add up all the figures and write the total in box HG1. If the transfer included motor cars, including classic or vintage cars, you should include details of the make, exact model, year of registration and the registration number. If the registration number has a value, please include it separately. You should include similar details as necessary if the transfer included a caravan, boat or aeroplane etc.

2 Answer **yes** if any unsold items are going to be sold in the near future.

3 If the items have not been professionally valued you should tell us how you have arrived at the values you have included. If the value of any item has been reduced or discounted, or a nil value has been included you should tell us why in this box.

How to value household and personal goods

- ▶ Remember that the value of any asset that you or your valuers give should be the price that you would expect the item to sell for in the open market. For household and personal goods, such a sale often takes place at auction. Alternatively items might be advertised in the local paper or sold at a car boot or other such sale. If you have a professional valuation, it is only acceptable if the instructions to the valuer were for an open market value. A valuation for a forced sale is not acceptable. A valuation for insurance, although a good place to start, may be the cost to replace the items and not necessarily a realistic price for which the items might be sold. As a rough guide, it might be worth having any items that individually are thought to be worth more than £500 valued.

Heritage exemption

- ▶ If you are claiming heritage exemption or any asset has at any previous time benefited either from heritage exemption or was part of an approved maintenance fund, please fill in form **D40** and tell us:
 - the name of the person who died earlier or who made the earlier gift
 - the date of death or the date of the earlier gift
 - any CT reference concerning this previous occasion.

D36 (notes)

- ▶ You must fill in form **D36** to give details of all the land and buildings or interests in land and buildings included in the chargeable event.

If you have a professional valuation, please attach a copy.

Land, buildings and interests in land and buildings

- 1 We will usually ask the District Valuer to help us with the value of land and buildings. Fill in the details of the person to contact from section C of form **IHT100**. The District Valuer will make any necessary arrangements to inspect the property or discuss values through this contact.

- 2 Fill in the table, giving details of each item of property. If a large number of properties are to be included, use more than one form. You may include jointly owned property and property owned outright on the same form.

Column A Please number each item of property.

Column B Give a full description of the property with the postcode, so we can identify it easily. If the property is not numbered, or it is farmland or other land without an address, you should attach a plan that shows the boundaries of the property clearly. If the property is jointly owned, write the transferor's share under the description of the property.

Column C Say whether the property was owned outright or was leased and rent was being paid.

Column D If the property was let, you should provide a copy of the lease, or sub-lease, business or agricultural tenancy agreement. If the lease etc does not say so, or there is no written agreement, please fill in this column to say

- the date the lease/ tenancy began
- how long the property was let for

- what rent is payable, and what the provisions for rent reviews are
- who is responsible for the outgoings on the property
- the name of the tenant.

If the property was unoccupied at the date of the chargeable event, please write “vacant” in this column.

Column E If you are deducting agricultural relief, woodlands relief or claiming heritage exemption, write in the value of the property which you say qualifies for relief.

If you are claiming heritage exemption and the property has at any previous time benefited either from heritage exemption or from an approved maintenance fund, please fill in form D40 and tell us:

- the name of the person who died earlier or who made the earlier gift
- the date of death or the date of the earlier gift
- any CT reference concerning this previous occasion.

Column F Write in the open market value of the property at the date of transfer. Remember that the basis of valuation that you or your valuers use is the price at which the asset might be sold on the open market. If the property was jointly owned, give the value of the share included in the transfer. Show how you have worked out the value of the share.

Show the total value of all the properties in the boxes at the foot of columns E and F. Page 4 of form **IHT100** breaks property down into 5 categories. Include the properties in the relevant boxes and make sure that the figures in boxes F1-F5 in form **IHT100** total the same as the figure at the foot of column F.

If any of the properties are suffering from any major damage, their value may be affected. Things like a poor state of internal and external decoration are not so important. If the property is damaged in a way that is covered by buildings insurance, we have to value the property in a special way.

3 Tick the box to answer this question. If you have answered **yes**, show the item number from column A in question 2 in column G and give details of the damage in column H. If you have a survey or structural engineer’s report, please provide a copy. You should say whether the deceased’s insurance policy covered all or part of the repairs and whether you will make a claim under the policy. If you are intending to make a claim under the policy, forward copies of the structural survey and any correspondence you may have had with the insurers or loss adjusters.

4 If any of the properties are to be sold within a reasonable time after the chargeable event, the sale price will usually be a good indication of the value at the date of the chargeable event.

Tick the box to answer this question. If you have answered **yes** fill in the table giving the information that we ask for

- Column I Use the same item number as column A above.
- Column J Say whether the property:
- has already been sold
 - is on the market for sale or
 - is to be sold later on.
- If the property has been sold, please include the date on which contracts were exchanged (or, in Scotland, when missives have been concluded).
- Column K Write in the asking price, or the price agreed for the sale. The costs of selling the property should not be taken off the price.
- Column L Say whether the sale was at arm's length to a stranger or whether it was to a relative, friend or perhaps business colleague.
- Column M If the sale price you have shown in column I includes fixtures and fittings, carpets, curtains etc, say how much of the sale price was for these items.
- Column N Say whether you want to use the sale price as the value at the date of the chargeable event.

0 Use the box to tell us about sales or other disposals of timber, trees or underwood.

- Column O Write in the item number.
- Column P Write in the date of transfer.
- Column Q Write in the sale price before the deduction of expenses.
- Column R Write in the open market value of the timber, trees or underwood at the date of the transfer if it was different to the sale price or if the disposal was for no consideration.
- Column S Explain the position if the disposal was not for full consideration in the open market.

D37 (notes)

- ▶ You must fill in form **D37** if you are deducting agricultural relief from some or all of the land included in the transfer. You can help us by sending a plan of the property with form **IHT100**. Fill in a separate form for each holding in respect of which you are deducting agricultural relief.
- ▶ Agricultural relief is available for transfers of agricultural property and certain shareholdings in farming companies. There are three basic rules
 - the property must be agricultural property
 - the transferor must have owned the property for a minimum number of years, and
 - the property must have been used for agricultural purposes.

When is agricultural relief available?

What is the rate of relief?

- ▶ Provided the asset qualifies for relief, the rate at which relief is allowed is shown in the table below. The relief is given by deducting the relevant percentage of the agricultural value of the asset. So, if the property qualifies for 100% relief, you should include the value of the asset in box F2 on form IHT100. You should deduct the relief in box F16.

	Date of chargeable event on or after 10 March 1992	Date of chargeable event up to 9 March 1992
Land with vacant possession	100%	50%
Land which is let	50%	30%
Land which was let after 1/8/1995	100%	Not applicable

There are some circumstances where the higher rate of relief can apply to land that was let. The notes for question 6 below explain this a little more.

How to fill in form D37

- 1** Fill in the address of the property as shown on form D36.
- 2a** Tick the box to answer this question. If you have answered yes, go to question 3. You do not need to answer questions 5a – 5c. If you have answered no, go to question 2b.
- 2b** Tick the box to answer this question. If you have answered yes, go to question 3. You do not need to answer question 4. If you have answered no, go to question 2c.
- 2c** If you have answered no to questions 2a and 2b, the transferor has not owned the property for long enough to qualify for agricultural relief. However, there are detailed rules under which agricultural relief may still be available. Broadly these apply where:
 - the transferor inherited the property on the death of another person, or
 - the property had replaced other agricultural property.

If you feel that relief is due, please say why in this box and then carry on filling in the form.
- 3** Give details of when and how the property was acquired. For example, was it inherited or purchased?
- 4** Describe the agricultural activities that the transferor carried out. Do not use vague phrases like “general farming”. Say whether it was:
 - an arable, pastoral or mixed farm
 - describe the type of crops usually grown, and
 - describe the type and numbers of livestock that grazed the land.

If a variety of livestock grazed the land, give some idea about the number of animals and acreage used by each type. Agricultural relief may still be due if the property was managed under an agro-environmental or habitat scheme arrangement.

5a Say here who has been occupying the property throughout the 7 years up to the date of the chargeable event. Please list all the different people who have occupied the land (this can include the transferors) and the date(s) of their occupation.

5b Describe the agricultural activities carried out by each occupier. Do not use vague phrases like “general farming”. Say whether it was:

- an arable, pastoral or mixed farm
- describe the type of crops usually grown, and
- describe the type and numbers of livestock that grazed the land.

If a variety of livestock grazed the land, give some idea about the number of animals and acreage used by each type. You should also tell us if the agricultural activity stopped at any time. Say when this happened and why. Agricultural relief may still be due if the property was managed under an agro-environmental or habitat scheme arrangement.

5c If the letting began after 31 August 1995, please say when the tenancy started and provide a copy of the tenancy agreement. You can ignore question 6 and go to question 7. If the letting began before 1 September 1995, give details of the letting, particularly when the letting started, how long the property was let for, what rent was charged. If there is a written lease or agreement for the letting, please provide a copy.

6 It is possible that the higher rate of relief may be available for let land. The first situation this may apply to is where the deceased would have been able to obtain vacant possession within 24 months of the date of the transfer. If you have answered **yes** to this question, please say how the transferor would have been able to obtain vacant possession. For example, were they a freeholder or was a tenancy coming to an end.

If you have answered **no** to this question, relief may still be available if the tenancy began before 10 March 1981. There are three other conditions that apply. They are that:

- the transferor has owned the land since before 10 March 1981, and
- the land would have qualified for full agricultural relief under the law at that date, and
- the transferor did not have and could not have had the right to vacant possession between 10 March 1981 and the date of this chargeable event.

7 Agricultural relief is only available for agricultural property that is occupied for the purposes of agriculture. Whether each house or cottage will qualify for relief depends on who lived in each property. You should identify each house or cottage on the farm separately and say:

- who lived there at the date of the chargeable event and how long they had lived there

- if the house or cottage was let, describe the type of tenancy, for example, agricultural tenancy, assured shorthold tenancy
- how much rent was paid
- why the occupier lived there, and
- why you consider the house or cottage to be “of a character appropriate” to the agricultural property.

8 If, before the date of the chargeable event, all or part of the property was subject to a binding contract for sale where contracts have been exchanged (or, in Scotland, when missives have been concluded), but the sale had not been completed, agricultural relief will not be due. You should give details of the sale, and clearly identify the part of the property that was sold on the plan.

9 If you are deducting agricultural relief in connection with a lifetime transfer, and the transferor died within seven years of making the gift there are additional conditions that must be met before the relief is due. Answer each of the questions 9a to 9d so we can decide whether or not the relief is due. For this purpose, “relevant period” means the period between the date of the lifetime transfer and the date of the chargeable event.

Note

- ▶ If the conditions for both agricultural relief and business relief are met, agricultural relief is allowed in preference to business relief. Business relief is not allowed instead of or in addition to agricultural relief.
- ▶ You must fill in form **D32** if the transferor owned:
 - shares in a company and you are deducting business relief, or
 - a business or part of a business, or
 - an asset used in a business and you are deducting business relief.

If necessary, fill in a separate form for each holding of shares, business or assets used in a business.

When is business relief available?

- ▶ The relief is available for transfers of certain types of business and business assets and certain types of shares. The transferor must have owned the assets for a minimum period, generally two years, and the assets must also qualify for the relief under a number of other quite complicated rules.

What is the rate of relief?

- ▶ If the asset qualifies for relief, the rate at which relief is allowed is shown in the table following. The relief is given by deducting the relevant percentage of the capital value of the asset. So, if the asset qualifies for 100% relief, you should include the value of the asset in one of the boxes at F6 to F11 on form **IHT100**. You should deduct the relief in box F16.

	Date of chargeable event		
	After 6 April 1996	10 March 1992 to 5 April 1996	17 March 1987 to 9 March 1992
A business or an interest in a business	100%	100%	50%
Control holding of shares in an unquoted company	100%	100%	50%
Substantial holding of shares in an unquoted company	100%	100%	50%
Other shares in an unquoted company	100%	50%	30%
Control holding of shares in a quoted company	100%	50%	30%
Land buildings or plant and machinery used in a business	50%	50%	30%
Land, buildings or plant and machinery held in trust	50%	50%	30%

Definitions Quoted Company

- ▶ This means a company that is listed on a recognised stock exchange. This includes shares traded on the American NASDAQ and European EASDAQ for chargeable events after 9 March 1992.

Unquoted company

- ▶ This means a company that is not listed on a recognised stock exchange. Some companies although they are listed in the Stock Exchange Daily Official List are still unquoted for business relief.

This includes:

- shares listed on the Alternative Investment Market (AIM)
- shares listed on the Unlisted Securities Market (USM), there are some complicated rules that apply to chargeable events before 10 March 1992. You should telephone our helpline if the transferor owned shares listed on the USM and the date of the chargeable event, is before 10 March 1992.

Control holding

- ▶ This means a holding of stocks and shares that gives a person control of a company. For inheritance tax a person controls a company if they can control the majority (more than 50%) of the voting powers on all questions affecting the company as a whole.

Substantial holding

- ▶ This means a holding of stocks and shares that gives the owner more than 25% of the voting powers on all questions affecting the company as a whole.

Used in a business

- ▶ Land, buildings or plant and machinery will only qualify for business relief if it is used in a business in which the transferor was a partner at the date of the chargeable event or if it was used by a company which was controlled by the transferor.

How to fill in form D38

Land, buildings or plant and machinery held in trust will only qualify for business relief if the transferor had the right to benefit from the trust *and* the asset was used in a business carried on by the transferor.

- ▶ Write in the name of the transferors or settlement and the date of the transfer in the box provided. Tick one of the boxes to show the type of asset the transferor owned.

1 Tick one of the boxes to show the type of business you are telling us about.

2 Tick the box to answer this question. If you have answered **no** the transferor has not owned the property for long enough to qualify for business relief. However, there are detailed rules where business relief may still be available. Broadly these apply where:

- the transferor inherited the property on death, or
- the property has replaced other property that qualified for business relief.

3 If, before the chargeable event, all or part of the shares, business interest or business assets was subject to a binding contract for sale, but the sale had not been completed, business relief will not be due. You should give details of the sale, and clearly identify the assets that had been sold.

4a Write in the name of the company, the number and type of shares, for example, 100 £1 ordinary shares, A Company Ltd, and give their value. Say what the activity of the company is. You can help us by writing down the company's registration number if you know it. You do not need to provide a copy of the company accounts now, although we may ask you for these and other information later. We will write to you if we need any other information.

If the company owed the transferor any money that is part of the transfer often through a loan account, it does not qualify for business relief. You should give details on form **D33** and include the value of the loan account in box E10, page 3, form **IHT100**. If the transferor owed any money to the company, please say why and include the debt as a liability on page 3, form **IHT100**. If the transferor's spouse or civil partner owned any shares in the company, give the number and type of shares they owned on form **D40**.

4b Answer **yes** to this question if an order has been given to wind any company shown in 4a up or if it was in liquidation at the time of the chargeable event and give details in the box above (4a).

5a The last set of accounts prepared before the chargeable event is the best starting point for valuing a business. The value of the business or the transferor's interest in the business will be the sum of the transferor's capital and current accounts. Please attach a copy of the last two years' accounts.

Business accounts sometimes include land as an asset of the business when in fact the properties in question were actually owned by the transferor. If this is the case, you should include the land separately in

How to value a business

boxes F1 to F5 in form **IHT100** and adjust the value of the business. We help you to do this in the section called “*How to value the business*” below.

If the business owed any money to the transferor, often through a loan account, you must not add that value to the value of the capital and current accounts. A loan account does not qualify for business relief. You should give details on form **D33** and include the value of the loan account in box E10, page 3, form **IHT100**. If the transferor owed any money to the business, you must not deduct that value from the capital and current accounts. Include the debt as a liability on page 3 form **IHT100**.

5b Business relief is not available for businesses, partnerships and companies that deal in properties or investments. Please give:

- the name of the business, and
- say what the main activity of the business was at the date of the chargeable event.

If the activity has changed in the two years before the date of the chargeable event, please give details of the earlier activity.

- ▶ If you are deducting business relief at 100% from the value of the transferors business or interest in a business, there is no need to adjust the value taken from the accounts. Write this value in box BR1. Copy the figures to the appropriate box on page 4 of form **IHT100**. Remember to deduct the relief using the same figure at the foot of page 4. If you are not deducting business relief at 100% from the value of the transferor’s business or interest in a business, you will need to adjust the value taken from the accounts. You will need to adjust the value where the assets are included in the accounts at “book value” or where the assets are included separately in form **IHT100**.

Other than land, the assets most commonly included in business accounts at book value are business stock and goodwill. You may be including the land separately in form **IHT100** in one of boxes F1 to F5. If so, you will need to take that value, or the transferors share of the value, away from the value of the transferors interest in the business. If not, you will need to obtain open market values for land and any other assets included at “book value” such as stock and goodwill. If the open market value is more than the “book value”, add the increase in value, or the transferor’s share of that increase, to the value of the transferor’s interest in the business. If the open market value is less than the “book value”, deduct the decrease in value, or the transferor’s share of that decrease, from the value of the transferor’s interest in the business. You should show how you have arrived at your value for the business or interest in a business on form **D38** and write the value in box BR1. Use form **D40** if you need more space.

5c Tick the box to answer this question. If you have answered **yes**, please attach a copy of the partnership agreement that shows the terms of the partnership at the date of the chargeable event. If there is no agreement, please give details of the terms on which the partnership was carried on such as:

- when it began
- who provided the capital and in what shares, and
- how the profits from the partnership were shared.

6a Describe the assets that were included in the transfer and that were used by a business or company and give their value.

6b Say what the main activity of the business was and to what extent the transferor was involved with the business concerned. Business relief will only be available if the transferor was a partner in the partnership that used the asset or if they controlled the company that used the asset.

7 If you are deducting business relief in connection with a lifetime transfer where the transferor died within seven years of the transfer there are also additional rules that have to be met before the relief can be allowed.

If the charge to tax arises because of the transferor's death (e.g. a failed potentially exempt transfer). You must answer each of the questions so we can decide if the relief is due.

7a Answer **yes** to this question if the person who received the gift owned the business during all of the period starting with the date of the gift and ending on the date of the transferor's death.

7b To answer question 7b, you must consider whether, if the person who received the gift had made a transfer of the property at the date of the transferor's death, the transfer would have qualified for business relief. If shares were given away, you may answer **yes** to question 7b without having regard to a notional transfer by the person who received the gift where the:

- shares were quoted at the time of the gift and were a control holding or came out of a control holding, or
- the chargeable event occurred on or after 6 April 1996 and shares were unquoted at the time of the gift and they remained unquoted throughout the period between the gift and the chargeable event or death of the person who received the gift if earlier.

If the chargeable event occurred before 6 April 1996, the second bullet point only applies to gifts out of control holdings of shares, so you will need to consider a notional transfer by the person who received the gift if the gift was from a minority holding of shares.

Note

- ▶ If the gift was made between 18 March 1986 and 16 March 1987 inclusive, you will need to consider a notional transfer for all gifts, irrespective of the assets transferred.

For this purpose, "relevant period" means the period between the date of the lifetime transfer and the date of the chargeable event (or the death of the person who received the gift if they died first).

7c Answer **yes** to the question if at the time of the transfer the business interest in a business share or asset concerned was subject to a binding contract for sale at the time of the transfer. If the conditions for both agricultural relief and business relief are met, agricultural relief is allowed

in preference to business relief. Business relief is not allowed instead of or in addition to agricultural relief.

D39 (notes)

- ▶ You must fill in form **D39** if the transferor was domiciled in the UK at the date of transfer or the settlor was domiciled in the UK at the date on which the settlement was set up and foreign property is included in this transfer. You should give details of all foreign assets and liabilities included in the transfer.

Domicile

- ▶ Usually, the country where you have your main home is where your domicile is.

Everybody has a domicile. At birth, you have a “domicile of origin”. This is normally the same country as your father’s domicile, so it is not always the country you were born in. You keep this domicile until you acquire a different domicile – a domicile of choice or of dependence.

The United Kingdom is not a “country” when establishing a person’s domicile. So a person will have a domicile in England and Wales, or Scotland or Northern Ireland. But for the sake of simplicity, we refer to all three countries as the United Kingdom (UK) in these notes. *Remember that the Channel Islands and the Isle of Man are not in the UK.*

Domicile outside the UK

- ▶ If you have said that the transferor or settlor was not domiciled in the UK you should not include details of any assets included in the transfer that are situated abroad on this form. However, you should include details of assets that are outside the UK under general law if they are treated as situated in the UK by reason of a Double Taxation Agreement or Convention.

If you have said that the transferor or settlor was not domiciled in the UK, but assets in the UK were included in the transfer, you may have to treat some of those assets as “foreign assets” and give details on this form. So, if you have said that the deceased was not domiciled in the UK, you should:

- if the chargeable event took place in England and Wales, give details on form **D39** of any assets included in the transfer situated in Scotland or Northern Ireland,
- if the chargeable event took place in Scotland, give details on form **D39** of any assets included in the transfer situated in England and Wales or Northern Ireland, and
- if the chargeable event took place in Northern Ireland, give details on form **D39** of any assets included in the transfer situated in England and Wales or Scotland.

Deemed domicile

- ▶ There are also some special rules that apply for tax:
 - if a person has lived in the UK for a long time, so that they were resident for income tax purposes for at least 17 of the 20 years ending with the tax year in which the chargeable event occurred or
 - if a person was domiciled in the UK under English law at any time in the three years before the chargeable event, the law says that

we can treat the transferor as if they were domiciled in the UK at that time. This means that we can charge inheritance tax any assets included in the transfer that are situated outside the UK. You will need to fill in form **D39** to give details of all the assets included in the transfer which are situated outside the UK.

The special rules can be disregarded when deciding whether certain Government securities are to be left out of the account. If you are uncertain about how to treat Government securities telephone our helpline for advice.

How to fill in form D39

- 1** The rules about the type of assets where tax may be paid by instalments are the same for foreign assets as they are for assets in the UK. If the asset would have been included in section E of form **IHT100**, include it in section 1 of this form.

Give all values in sterling.

- FP1** Give details of any foreign stocks and shares on which tax may not be paid by instalments. You will find a number of foreign stocks and shares are listed in the Financial Times. Shares listed on the World Stock Markets or on NASDAQ or EASDAQ should be included in box FP1. **Do not include here foreign stocks and shares that are listed on the London Stock Exchange and reported under the London Share Service.** See pages 13 and 14 of this guide.

Add up the stocks and shares and write the total in this box.

- FP2** List any other foreign assets such as bank accounts on which the tax may not be paid by instalments.

Add up the assets and write the total in this box.

- FP3** Add up boxes FP1 and FP2 and write the total in this box.

- FP4** The rules about debts and liabilities described on page 17 also apply to debts and liabilities deducted from foreign assets. List any debts and liabilities that are to be deducted from these assets.

Add up all the figures and write the total in this box.

Special rules for foreign deductions

- There are two special rules for deductions from foreign assets.
- Normally, debts due to anyone who lives abroad should be deducted here. If, however, the debt arose in the UK or it is charged on property in the UK, you should deduct it at box E16 or F14 on form **IHT100**.
 - You may also include a deduction in box FP4 for any additional expenses that you incur in dealing with assets that are held abroad. The amount must be worked out using the actual cost of dealing with the assets abroad less the likely costs of dealing with similar assets in this country. The amount must be worked out in this way because it is only the *additional* cost of dealing with the assets abroad that you can deduct. The deduction must not exceed 5% of the gross value of all foreign assets included in the transfer. If there is a deficit in either section E on form **IHT100** or box FP10 of this form, you may include that deficit here.

FP5 Take box FP4 away from box FP3 and write the answer in this box. If this figure is a minus figure, you should make a note of the deficit and write '0' in this box and in box FP7.

FP6 List any exemptions, reliefs or exclusions (see pages 24 etc) that you wish to deduct from the foreign assets. Add up all the figures and write the total in this box.

FP7 Take box FP6 away from box FP5 and write the answer in this box. Copy the total to the appropriate box in form **IHT100WS** if you are working out the tax yourself. The instructions on that form and in the guide **IHT113** ("How to fill in IHT100WS") will tell you which box to complete. This box must not contain a minus figure. Taking away exemptions and reliefs can only reduce the figure in box FP5 to '0'.

2 If the asset would have been included in section F of form **IHT100**, include it in section 2 of this form. Tick the box at the top of the page if you wish to pay the tax on these assets by instalments.

FP8 Give details of the foreign assets where tax may be paid by instalments.

Add up all the figures and write the total in this box.

FP9 List any liabilities that are to be deducted from the assets including either of the special deductions described at box FP4. Add up all the figures and write the total in this box.

If there is a deficit in either section F on form **IHT100** or box FP5 on this form, you may include that deficit here.

FP10 Take box FP9 away from box FP8 and write the answer in this box. If this figure is a minus figure, you should make a note of the deficit and write '0' in this box and in box FP12.

FP11 List any exemptions, reliefs or exclusions that you wish to deduct from the foreign assets. Add up all the figures and write the total in this box. Take box FP11 away from box FP10 and write the answer in this box.

FP12 Copy the total to the appropriate box in form **IHT100WS** if you are working out the tax yourself. The instructions on that form and the guide **IHT113** ("How to fill in IHT100WS") will tell you which the appropriate box is. This box must not contain a minus figure. Taking away exemptions and reliefs can only reduce the figure in box FP10 to '0'.

▶ You should show the value of the asset in its foreign currency. Then, show how you have converted that value to £ sterling. Major currencies should generally be converted at the London Buying Rate as shown in the Financial Times. Less common currencies may be converted at the rates shown in the 'FT guide to World Currencies', published weekly in the Financial Times on Mondays.

▶ If the deceased owned any foreign assets jointly, you should include those assets on this form.

How to value foreign assets and debts

Jointly owned foreign assets

D40 (notes)

- ▶ Form D40 is available for you to give us
 - any additional information that we have asked for, or
 - anything else you would like us to take into account when we look at form IHT100.

New rules for alternatively secured pension funds

Definitions

Alternatively secured pension fund (ASP)

Chargeable event

- ▶ The following pages provide you with full details of the new rules for alternatively secured pension funds and how to complete the form **IHT100** and the event form **IHT100g**.

- ▶ An unsecured pension fund which is held by someone aged 75 or over.

- ▶ There are a number of occasions where a chargeable event arises on an alternatively secured pension fund. They are:
 - when the scheme member dies with an alternatively secured pension
 - where a relevant dependant of an original scheme member dies or ceases to qualify as a relevant dependant (and they had an alternatively secured or unsecured pension fund) and the original scheme member had an alternatively secured pension fund when they diedor, where neither of the above apply
 - when a dependant or a relevant dependant of the original scheme member dies and that dependant had an alternatively secured pension fund and the original scheme member had an alternatively secured or unsecured pension fund.

Dependant

- ▶ A 'dependant' of a member of a registered pension scheme is defined as a person who at the date of the scheme member's death was
 - the spouse or civil partner of the member
 - a child of the member who was under the age of 23
 - a child of the member who was over the age of 23 and in the opinion of the scheme administrator was dependent on the scheme member because of physical or mental impairment
 - any other person who in the opinion of the scheme administrator
 - was financially dependent on the member
 - had a financial relationship of mutual dependence with a member, or
 - was dependent on the member because of physical or mental impairment.

Relevant dependant

- ▶ A 'relevant dependant' is defined by Sch 22 para 151B(6) FA 2006, as a person who at the date of the member's death was
 - a 'dependant' as defined above who was the person's spouse or civil partner, **or**
 - is financially dependant on the member at that time.

Unsecured pension fund

- ▶ A pension fund which is held by someone aged under 75 which has not been secured by the purchase of pension benefits or an annuity other than a short term annuity payable for not more than 5 years ending before the member reaches the age of 75.

IHT100

- ▶ The form **IHT100** is the inheritance tax account which is used to account for chargeable events on alternatively secured pension funds.

- ▶ If you are telling us about a chargeable event which is wholly exempt from inheritance tax because the whole of the fund is passing to a relevant dependant or to charity, do not use this form, use form **IHT105** instead.

How to fill in the IHT100 for a chargeable event on an alternatively secured pension

Section A **A7** Tick the box at A7.

Section B ▶ In section B you should provide us with details of the person who was the original scheme member who died. The ‘transferor’ is the original scheme member, **except where you tick box 2.4 on the IHT100g for death of a dependant (or a relevant dependant) who had a dependant’s alternatively secured pension fund where the original scheme member had an unsecured or alternatively secured pension fund. In that case, in section B you should provide us with details of the dependant who has died.** See pages 9 – 10 for help with filling in the individual boxes.

Section C ▶ If an agent is acting on behalf of the scheme administrators, their details should be entered in section C.

Section D ▶ Do not complete section D. If, after examining the **IHT100**, we want more information on any of the assets held in the fund, we will send you the relevant supplementary pages.

Section E **E19** Write the total net value of the assets on which tax may not be paid by instalments in box E19. You do not need to complete boxes E1 to E18. If, after examining the form, we want full details of the individual assets, we will write to you.

Exemptions ▶ **Note** – If part of the pension fund is going to be used to provide benefits for a spouse or civil partner or is passing to charity, **do not claim those exemptions here.** Instead, the amount of the exemptions claimed should be shown in boxes 3.2 and 3.3 on the event form **IHT100g**.

Due date ▶ Inheritance tax is due on a chargeable event on an alternatively secured pension fund, six months after the end of the month in which the chargeable event occurred.

Sections G and H ▶ Do not complete these sections. We will calculate the tax for you.

Section J ▶ If a repayment of inheritance tax becomes necessary, the cheque will be made out in the names of all of the person who has signed the form. If you would like the cheque to be made out in a different name or names, write their name(s) in here. If a solicitor or other agent is acting on behalf of the pension fund and the cheque is to be made out to their firm, write the name of the firm here.

Section K **K1** Write **IHT100g** in the box because you will need to complete the **IHT100g** event form for a chargeable event on an alternatively secured pension and send them both in together.

K2 The completion of supplementary pages is unnecessary, so leave this box blank.

Signing form IHT100

- ▶ All the people who are delivering this account must now carefully read the declarations and warnings on page 8 of form **IHT100**. Each person should give their full name and address and sign and date the form in the space provided.

In signing the form, each person confirms that they have read the declarations and warnings and that they agree that the information given in form **IHT100** and the event form **IHT100g** is correct.

Form IHT100g

- ▶ After you have completed the form **IHT100** you must also complete the event form **IHT100g**.

When to use form IHT100g

- ▶ The **IHT100g** is an event form which may be used to tell us about a chargeable event on an alternatively secured pension fund. You must also complete the form **IHT100** to provide us with full details of the original scheme member and the value of the pension fund.

If you are telling us about a chargeable event which is wholly exempt from inheritance tax because the whole of the fund is passing to a relevant dependant or to charity, do not use this form, use form **IHT105** instead.

How to fill in form IHT100g

- ▶ If the chargeable event arises as a result of the death of the original scheme member or the death of a dependent or a relevant dependant of the original scheme member, enter the date of death in the box.

Date of chargeable event

- ▶ If the chargeable event arises as a result of a relevant dependent of the original scheme member who was receiving benefits from the fund ceasing to qualify as a relevant dependent, enter the date that they ceased to qualify.

Box

- 1** Provide the full name and full postal address of the pension scheme administrator who will be paying the inheritance tax on this event.
- 2** Tick the box next to the type of chargeable event listed in boxes 2.1 to 2.4 that you are telling us about on this form.
 - 2.1** You should tick this box where the chargeable event arises on the death of a member of a registered pension scheme who had an alternatively secured pension immediately before their death.(s151A IHTA 1984)
 - 2.2** Tick this box where the chargeable event arises on death of a relevant dependant of a scheme member where the scheme member had an alternatively secured pension and the relevant dependant had an unsecured or alternatively secured pension. (s151B IHTA 1984)
 - 2.3** Tick this box where the chargeable event arises due to the cessation of payments to a relevant dependant of a scheme member where the scheme member had an alternatively secured pension and the relevant dependant had an unsecured or alternatively secured pension. (s151B IHTA 1984)
 - 2.4** If none of 2.1, 2.2 or 2.3 apply, tick this box where the chargeable event arises on death of a dependant (who may also be a relevant dependant) of a scheme member where the scheme member had an alternatively secured pension or an unsecured pension and the relevant dependant had an alternatively secured pension. (s151C IHTA 1984).

3.1 Copy the figure from box E19 on the form **IHT100** into this box.

3.2 Write the total amount of the fund that is being used to provide benefits for relevant dependants in this box. If you have ticked box 2.4, above, do not put a figure in this box.

3.3 Write the total amount of the fund that is passing to charity in this box.

P4 Take away boxes P3 and P2 from box P1 and write the answer in here.

Chargeable value of the fund

When you have filled in and signed all the forms

Which office should I use?

- ▶ When you have filled in and signed the form **IHT100** and filled in the event form **IHT100g** you should send the forms to us.
- ▶ The office to which you should send the forms depends on a number of factors. The following table will help you to choose the correct office. If you are in any doubt you should call our helpline.

Death of a scheme member who had an ASP fund	<ul style="list-style-type: none"> • Deceased lived in England, Wales or Northern Ireland • Deceased lived in Scotland 	<p>Nottingham</p> <p>Edinburgh</p>
Death of a relevant dependant with an unsecured or ASP fund to which they became entitled on the death of a scheme member with an ASP fund	<ul style="list-style-type: none"> • Original scheme member lived in England, Wales or Northern Ireland • Original scheme member lived in Scotland 	<p>Nottingham</p> <p>Edinburgh</p>
Relevant dependant ceasing to be a relevant dependant with an unsecured pension fund or ASP fund to which they became entitled on the death of a scheme member with an ASP fund	<ul style="list-style-type: none"> • Original scheme member lived in England, Wales or Northern Ireland • Original scheme member lived in Scotland 	<p>Nottingham</p> <p>Edinburgh</p>
Or, where none of the above apply, death of a dependant (or relevant dependant) who had a dependant's ASP fund where the original scheme member had an unsecured or an ASP fund.	<ul style="list-style-type: none"> • Dependant lived in England, Wales or Northern Ireland • Dependant lived in Scotland 	<p>Nottingham</p> <p>Edinburgh</p>

How can I be sure there is no more tax to pay?

- ▶ If there is some tax to pay on the chargeable event, then when you think that the value of the fund is settled and you have paid all the tax an interest on the fund, you may apply for a clearance certificate. You can download the application form **IHT30** from our website or order one from our helpline.

New rules for trusts and lifetime gifts

- ▶ The following pages provide you with full details of the new rules for trusts and how to complete the form **IHT100** and the event forms **IHT100a** to **IHT100e**.
- ▶ This guidance only applies to deaths or chargeable events on or after 22 March 2006. For deaths or chargeable events before that date, you should follow the guidance in pages 4 to 71.

Definitions

Accumulation and maintenance trust (A&M)

- ▶ For trusts created on or after 22 March 2006, an A&M trust is one created on the death of a parent where the beneficiaries will take the trust assets between the ages of 18 and 25. Where the trust continues after the age of 18, the property in the trust will become 'relevant property' and subject to proportionate or exit charges when property leaves the trust.

Disabled person's trust

- ▶ From 22 March 2006, this is a trust held for the benefit of a disabled person, or a trust set up by a person who is suffering from a condition which can be expected to lead to them becoming disabled, with their own assets and for their own benefit.

Chargeable gift

- ▶ From 22 March 2006, a chargeable gift is, broadly, any gift which is not wholly covered by exemptions and given to the trustees of a relevant property trust or to a company. Gifts from one individual to another or to a trust for the disabled are not chargeable gifts, but are potentially exempt transfers.

Immediate post-death interest

- ▶ An immediate post-death interest (IPDI) is defined as one where a person has an interest in possession in settled property and all of the following apply:
 - the settlement was effected by will or under an intestacy
 - the beneficiary became beneficially entitled to the interest in possession on the death of the testator or intestate.

Interest in possession

- ▶ An interest in a trust arising on or after 22 March 2006 will be regarded as an interest in possession trust (and therefore treated for inheritance tax purposes as owned by the person having an interest in possession) if it is one of the following:
 - an immediate post-death interest
 - a disabled person's trust
 - a transitional serial interest.

Potentially exempt transfer or PET

- ▶ From 22 March 2006, a potentially exempt transfer (PET) is a gift made by an individual to another individual or a gift into a disabled person's trust. If a person makes a PET and survives for seven years from the date of the gift, then the gift is exempt from inheritance tax.

Relevant property trust

- ▶ A relevant property trust is any trust which is not:
 - an immediate post-death interest
 - a transitional serial interest
 - a trust for a disabled person, **or**
 - a trust for a bereaved minor.

All relevant property trusts are taxed under the rules that previously applied to discretionary trusts.

Relevant property

- ▶ Any asset which is held on a relevant property trust.

Transitional serial interest (TSI)

- ▶ Where an interest in possession trust arises before 6 April 2008, it will be regarded as a transitional serial interest (TSI) if it arises on or after 22 March 2006, but follows a previous interest in possession in effect immediately before that date.
- ▶ Or, where the deceased had an interest in possession under a settlement that consisted of a life insurance contract or rights under a life insurance contract entered into before 22 March 2006 and the following conditions are met:
 - the settlement commenced before 22 March 2006
 - the trust property consisted of a life insurance contract or rights under a life insurance contract entered into before 22 March 2006
 - the deceased or someone else had an interest in possession in that property
 - the interest in possession that existed before 22 March 2006 came to an end on or after 6 April 2008 on the death of the person entitled to an interest in possession
 - the deceased became entitled to an interest in possession at that time **or**
 - someone else did and the deceased became entitled to an interest in possession on their death **or**
 - the deceased became entitled to an interest in possession following a succession of life interests originating in the first interest in possession that succeeded the pre 22 March 2006 interest in possession.
- ▶ Or, the deceased became entitled to their interest in possession:
 - on the death of a person entitled to an interest in possession that was a transitional serial interest under Section 49C Inheritance Tax Act 1984 **or**
 - on the coming to an end of an unbroken sequence of interests in possession where the first one was a transitional serial interest.

Trust for bereaved minors

- ▶ A trust for a bereaved minor is exempt from mainstream inheritance tax charges if it is held either:
 - on the statutory trusts applying to minor children aged up to 18 on intestacy **or**
 - on trusts in similar terms established under the terms of a parent's will or by the Criminal Injuries Compensation Scheme.

How to tell us about chargeable events on trusts and lifetime gifts arising on or after 22 March 2006

- ▶ The chargeable events which are now treated differently as a result of the changes in 2006 are lifetime gifts into trusts and trusts set up as a result of someone's death. The following table will tell you what to do if you need to tell us about any of these chargeable events and where to look in this booklet for the notes which will help you fill in the forms.

Event	Forms required	Pages in this booklet	Other notes
Lifetime gift (non-PET)	<ul style="list-style-type: none"> • IHT100 • IHT100a 	<ul style="list-style-type: none"> • Page 4 • Page 31 	Note new definition of PET and chargeable gift
Failed PET (where the donor did not survive 7 years)	<ul style="list-style-type: none"> • IHT100 • IHT100a 	<ul style="list-style-type: none"> • Page 4 • Page 31 	Note new definition of PET and chargeable gift
Ending of an interest in possession in settled property	<ul style="list-style-type: none"> • IHT100 • IHT100b 	<ul style="list-style-type: none"> • Page 4 • Page 39 	Note new definition of interest in possession
Assets in a relevant property trust ceasing to be relevant property	<ul style="list-style-type: none"> • IHT100 • IHT100c 	<ul style="list-style-type: none"> • Page 4 • Page 41 	Note new definition of relevant property For “discretionary trust” read “relevant property trust” throughout
Assets in an ‘18 to 25 trust’ ceasing to be relevant property	<ul style="list-style-type: none"> • IHT100 • IHT100c 	<ul style="list-style-type: none"> • Page 4 • Page 41 	Note new definition of relevant property For “discretionary trust” read “relevant property trust” throughout 100c box 2.11 the ‘date on which the asset last became relevant property’ is the 18th birthday of the beneficiary
Relevant property trust ten-year anniversary	<ul style="list-style-type: none"> • IHT100 • IHT100d 	<ul style="list-style-type: none"> • Page 4 • Page 45 	Note new definition of relevant property
Assets ceasing to be held on special trusts	<ul style="list-style-type: none"> • IHT100 • IHT100e 	<ul style="list-style-type: none"> • Page 4 • Page 47 	Note new definition of accumulation and maintenance trust

This booklet has no legal power. It reflects the tax law at the time of writing.
We may need to take into account special circumstances for a particular estate.

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