

NewsLetter

For Trusts & Estates Practitioners

Welcome

Welcome to the December 2014 edition of the HMRC Trusts & Estates Newsletter.

If you have any issues that you would like addressed in a future edition, please email the [Customer Service Team](#).

During the Christmas and New Year period, HMRC Trusts & Estates offices will be closed on 25 and 26 December 2014 and 1 January 2015. The Edinburgh Office will also be closed on 2 January 2015. The Trusts & Estates Helplines will close at 4pm on Christmas Eve and New Year's Eve.

HMRC Trusts & Estates would like to wish you all a very Merry Christmas and a Happy New Year.

The next edition of the Newsletter will be April 2015.

Linda Allen
Head of HMRC Trusts & Estates.



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Transition of Trusts & Inheritance Tax web content to GOV.UK

From the end of December 2014, all trusts and Inheritance Tax content, including guidance will transition onto GOV.UK. We are creating lots of new content and modifying existing material too, to make things simpler, clearer and faster for our customers to use. But we will make sure nothing gets lost during transition.

The Government Digital Strategy requires that all central government guidance will transition to GOV.UK; essentially from 2014-15 this will become the single website for all government information and the place to access all government services.

HMRC's move to GOV.UK is happening in three phases:

- Phase 1 transitioned HMRC content from the Directgov and Business Link websites – which then closed in October 2012
- Phase 2 was the transition of our corporate site – about the department, our consultations, announcements etc – completed in February 2013
- Phase 3 planning has been underway since 2013, considering the size – around 100,000 pages – and complexity of HMRC's main web offering. We expect this final phase to be completed during 2014-15.

From December 2014 we will ensure that anyone trying to access Trusts and Inheritance Tax guidance on the HMRC website, for example using a bookmarked link, will be automatically redirected to the new page on GOV.UK. Anything that is no longer needed will still be available on the National Archives site.

HMRC's existing online services – such as – Get an Inheritance Tax reference number – will not change as a result of transition. But from December 2014 you will access it from GOV.UK. There may be some small changes to how they look – such as adding the GOV.UK logo.

During transition we will not be editing HMRC manuals, notices or other technical content from the HMRC Library. But these will be presented in a format which makes them easier to search, easier to browse, easier to view and easier to print.

Our aim is that this work should have no impact on HMRC's customers – you shouldn't need to do anything except start to use our guidance on GOV.UK.

You can find more about the transition to GOV.UK and keep up to date with what we're doing by signing up for email alerts on the [GOV.UK Transition blog](#).

And there's more on the future of our online services on the [digital transformation blog](#).

HMRC Bereavement Service

Improvements to the bereavement service

In 2012, HM Revenue and Customs (HMRC) gave a commitment to improve their service for bereaved customers. Since then, HMRC has been looking at ways to simplify their process based on what customers told them was important to them at a very difficult time. In particular, that HMRC:

- make it easy for them
- give a prompt and efficient service

- don't ask for information they already hold
- tell them what to do and when

Here are some of the improvements HMRC has made. They have:

- created specialist bereavement teams to act as a single point of contact for post and telephone calls for bereaved PAYE and Self Assessment customers
- made it easier for a bereaved customer to authorise someone else to act for them
- improved their process by focusing on the customer - for example, HMRC now settles the tax affairs of a Self Assessment customer in-year instead of at the end of the tax year, giving the bereaved customer certainty more quickly

One of the main changes is around form R27 'Reclaiming tax or paying tax when someone dies'. To make it easier for customers, HMRC are reducing the amount of information they ask for by making better use of the data they already hold. Real Time Information now gives HMRC all the pay and tax information they need from bereaved customers - making the form R27 unnecessary.

On 13 October 2014, HMRC removed form R27 and replaced it:

- for PAYE customers - with an automated process that is simple for customers and more efficient for HMRC
- for Self Assessment customers - with a tailored service, which includes letters that match the individual's circumstances

Removing this form means customers will get their tax affairs sorted quickly and need to contact HMRC less. It will also result in substantial cost reductions for the customer and enable HMRC to move

staff to other high priority work as they will no longer need to process form R27.

If you need more information or help, the **Bereavement Helpline number** is **0300 200 3300**

During the period of administration, Trusts & Estates will continue to deal with the tax affairs of a deceased individual where:

- the tax liability for the whole of the administration period is in excess of £10,000, or
- the estate has a value at the date of death in excess of £2.5m, or
- the proceeds of assets sold by the personal representatives in any one tax year exceed £250,000

Trusts and Estates also deal with any tax liability for the administration period if a trust has been created either under the deceased's will or the rules of intestacy.

You can find more information here: [HM Revenue & Customs: FAQs - Administration Periods](#)

Autumn Statement

The Chancellor of the Exchequer delivered his Autumn Statement on 03 December 2014, which included the following announcements and measures relating to Inheritance Tax and Trusts:

Exemption for emergency services personnel and humanitarian aid workers

Following the announcement in Budget 2014 and the consultation published in July 2014, the existing IHT exemption for members of the armed forces whose death is caused or hastened by injury whilst on active service will be extended to members of the emergency services and humanitarian aid workers who

die or whose death is hastened by injury or illness incurred whilst responding to emergency circumstances.

The change will have effect for deaths on or after 19 March 2014. You can find more information here: [Exemption for emergency service personnel and humanitarian aid workers](#)

[Inheritance Tax: exemption for emergency service personnel](#)

Exemption for medals and other awards

The existing IHT exemption for medals and other decorations that are awarded for valour or gallantry will be extended to all decorations and medals awarded by the Crown or by another country or territory outside the UK to the armed services, emergency services personnel and to individuals in recognition of their achievements and service in public life. The changes will have effect for all transfers of value made, or treated as made, on or after 3 December 2014. You can find more information here:

[Exemption for medals and other awards](#)

Trust charge simplification and multiple trusts

Following consultation launched after Budget 2014, a single settlement nil-rate band will not be introduced. The calculation of trust charges will be simplified by removing the need to include non-relevant property in the calculation. The measure also introduces new rules about adding property to trusts on the same day to protect inheritance tax revenues from the use of multiple trusts, and includes changes in the relevant property trust legislation to provide more certainty and to ease the effect of the legislation.

The measure will apply to all charges arising on or after the proposed commencement date of 6 April 2015 in respect of relevant property trusts created on or after the publication of draft legislation on 10 December 2014. To prevent forestalling, it will also apply to relevant property trusts created before 10 December 2014 where property is added on or after this date to more than one trust on the same day. The new rule about additions to existing trusts will not apply to a will executed before 10 December 2014 to allow a period of time for those affected to change their will and avoid unwanted tax consequences but this exclusion will be limited to deaths before 6 April 2016.

The new rules which ignore non relevant property in the calculation of the rate of charge on a 10 year anniversary will apply to all charges arising on or after 6 April 2015 regardless of when the trust was created. Changes to other areas of the relevant property trust legislation will apply to all charges arising on or after the date that Finance Bill 2015 receives Royal Assent except for those relating to appointments for the benefit of the deceased's surviving partner which will apply to all deaths on or after 10 December 2014. You can find more information here:

[Trust charge simplification and multiple trusts](#)

[Inheritance Tax: A fairer way of calculating trust charges](#)

Interest changes to support the new IHT digital service

To support the introduction of the new online service announced at Autumn Statement 2013, various legislative changes will be made in primary and secondary legislation to facilitate the new online processes and to align the treatment of interest and penalties for inheritance tax

purposes with other taxes. As part of those changes legislation relating to late payment interest will be amended to extend the power to make regulations to allow the instalment interest provisions relating to certain financial institutions and companies to be updated and clarify the period from when interest is charged. These changes will ensure that the relevant interest provisions are updated and apply correctly when the new online service becomes available from 2015-16. You can find more information here:

[Interest changes to support the new digital service](#)

Strengthening civil deterrents for offshore tax evasion

Legislation will be introduced to enhance civil penalties for offshore tax evasion. The existing offshore penalties regime will be extended to include Inheritance Tax (where it currently applies to Income Tax and Capital Gains Tax only), apply to domestic offences where the proceeds are hidden offshore, update the territory classification system to reflect the jurisdictions that adopt the new global standard of automatic tax information exchange, and include a new aggravated penalty of a further 50% for moving hidden offshore funds to circumvent international tax transparency agreements. The changes will come into effect from April 2016, apart from the aggravated penalty which will come into effect following Royal Assent of Finance Bill 2015. You can find more information here:

[Strengthening penalties for offshore non-compliance](#)

[Tackling offshore tax evasion: strengthening civil deterrents](#)

Disclosure of Tax Avoidance Schemes (DOTAS) regime changes

As part of legislative changes to strengthen the DOTAS regime, regulations will be introduced to extend the inheritance tax hallmark to schemes which are designed to reduce the value of an estate and avoid IHT on death and arrangements which seek to avoid IHT on lifetime transfers or charges other than 'entry' charges on relevant property trusts. You can find more information here:

[Disclosure of Tax Avoidance Schemes regime changes](#)

[Strengthening the Tax Avoidance Disclosure Regimes](#)

Draft legislation and Taxes Impact and Information Notes giving further details of the changes were published on 10 December 2014

Toolkits

Agent Toolkits signpost agents to the most common errors in returns. In September HMRC published the updated and refreshed Inheritance Tax Toolkit. Other Toolkits available have also been updated. You can find current Toolkits here:

[HM Revenue & Customs: Toolkits to help reduce errors](#)

IHT Online

We have begun to speak to a number of commercial software developers about the new digital IHT service.

If you are a software developer or maintain commercial software for IHT and would be interested in being involved, please contact [Ian Ferguson](#) or by telephone on 03000 562569

Trusts & Estates manuals

Inheritance Tax Manual (IHTM)

We have not made any amendments to the IHTM since our last newsletter

Trusts, Settlements and Estates Manual (TSEM)

We have not made any amendments to the TSEM since our last newsletter.

The contents of this newsletter are
not
binding on HMRC
and reflect news and views
current at the time of writing.