



HM Revenue
& Customs

Inheritance Tax Toolkit

Effective for deaths occurring from 6 April 2017 - Inheritance Tax Account Form
IHT400

Published July 2017

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Introduction

Tax agents and advisers play an important role in helping their clients to get their tax returns correct. As a specialised tax area, many agents do not complete a large number of Inheritance Tax Accounts. This toolkit is aimed primarily at helping and supporting tax agents and advisers for whom Inheritance Tax Accounts do not make up a significant element of their work. Other agents may still find the toolkit helpful in validating their approach to this work and it may also be of use to anyone, including trustees and personal representatives, in completing form IHT400 Inheritance Tax Account.

The toolkit may also be helpful when completing the excepted estate forms IHT205 or C5 (for Scotland) as many of the considerations, such as valuation, also apply to these.

This version of the toolkit was published in July 2017. The risks in this toolkit have been reviewed and updated where necessary and are relevant for all deaths occurring on or after 6 April 2017. Whilst this toolkit may assist in the completion of form IHT400 for earlier deaths, you will need to consider the relevant legislation as it applied at that time. Its use is entirely voluntary.

The content of this toolkit is based on our view of how tax law should be applied. Its application to specific cases will depend on the law at the relevant time and on the precise facts.

For further information on using this toolkit and reasonable care under our penalty system see [Tax agents toolkits](#).

For guidance on matters not dealt with in this toolkit you should refer to our other guidance - see [Inheritance Tax](#).

Areas of risk for Inheritance Tax

This toolkit is intended to cover risks seen on the majority of forms IHT400 received. Risks arising in connection with claims to Business Property Relief or Agricultural Property Relief and reliefs associated with works of art and other National Heritage Assets are specifically not dealt with in this toolkit. Although these are substantial issues they are not involved in the majority of forms IHT400 completed and received.

Inheritance Tax is different from other taxes in that it does not have a year of assessment - it is a tax triggered by events such as a person's death. When completing form IHT400 the personal representatives are providing details of somebody else's assets and liabilities and they will need to look back over a person's lifetime to establish certain events for the potential effect on the Inheritance Tax liability. This means that the range and depth of information gathering required can be substantially wider than in other tax regimes. It is for this reason that the 'fact find' is important and involves obtaining information from a variety of sources.

The main areas of risk for completing form IHT400 fall broadly into four categories:

Omissions

It is common for assets or gifts to be omitted from form IHT400. It is important, subject to proportionality, to look beyond the information provided and check the basic details. People outside the professional agent community often do not recognise items that need to be included in form IHT400. A good example is that some people do not realise the deceased's interests in jointly held property form part of the estate for Inheritance Tax purposes, even though their share of that property may pass directly to other joint owners on death. Another example is the need to identify gifts made by the deceased or less obvious assets such as interests in trusts. It is therefore important to ask the right questions, not simply 'what assets did the deceased have?'

Valuations

Valuations are the biggest single area of risk, accounting for a large part of our compliance checks. It is important to properly ascertain the value of assets. For assets with a material value you are strongly advised to instruct a qualified independent valuer, to make sure the valuation is made for the purposes of the relevant legislation, and for houses, land and buildings, it meets Royal Institution of Chartered Surveyors (RICS) or equivalent standards.

Some issues are easily overlooked when instructions are given. For example, the potential for the development of the land, the existence of tenancies or occupancy by people other than the deceased. Copies of relevant agreements, or full details where only an oral agreement exists, are often not given to the valuer so misunderstandings arise. Where we are satisfied that all the relevant information has been considered by the valuer, we are less likely to challenge the valuation.

Applying the correct legislation, rules and practices

Every year we receive form IHT400 in estates where it is clear that the information submitted does not meet current requirements. Keeping up-to-date with legislative changes is not easy, and searching through guidance is time consuming. We appreciate that applying the rules correctly can be difficult, particularly where they are complex or unfamiliar. However, it is important that rules are being applied as they should be.

Record keeping

Good record keeping is essential. The absence of records can mean that information provided to you is not accurate and these mistakes are in turn passed on to us. Events may have occurred in the past yet still affect the Inheritance Tax payable. We appreciate that when completing form IHT400 it is the deceased's records which you are required to obtain and rely on. We would therefore suggest that you advise your clients about the importance of lifetime records when they visit you for other issues, for example, to have a will drafted.

The type of records which it would be helpful for your clients to retain include, for example:

- Gifts made. Although it is generally gifts within seven years of the date of death which are important it is advisable for your clients to keep records at all times
- Circumstances that affect the amount of nil rate band available for transfer to the surviving spouse or civil partner

Keeping careful and detailed notes and valuations of lifetime transfers and having access to detailed histories of assets makes it easier for personal representatives and their agents to gather the relevant information to complete form IHT400 correctly and in full.

Using links within this document

[Blue underlined text](#) are links within this document.

Green bold text are hyperlinks to external documents on the internet (access to the internet is necessary to view these).

We have a range of services for people with disabilities, including guidance in Braille, audio and large print. Most of our forms are also available in large print. Please contact any of our helplines if you need these services.

Dealing with HMRC if you have additional needs

Giving HMRC feedback on toolkits

HMRC would like to hear about your experience of using the toolkits to help develop and prioritise future changes and improvements. HMRC is also interested in your views of any recent interactions you may have had with the department.

Send HMRC your feedback

Client Name:

Period Ended:

Checklist for Inheritance Tax

		Yes	No	N/A	N/K
1	Information gathering Has consideration been given to the rules for excepted estates ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Has sufficient time been given to research and prepare form IHT400?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Have the will and associated documents been obtained and reviewed and have copies been enclosed with the form IHT400?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Has the deceased's paperwork relating to assets and liabilities been checked, including any overseas assets or assets held in trust?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Have close family and past or present business and personal associates been consulted and have they understood the terminology used?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Have any disputes or court actions which may affect the estate been identified?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Information gathering continued

- 7 Has the deceased [disposed of property](#) on their death that qualifies their estate for the residence nil-rate allowance (RNRA) that came into effect on 6th April 2017?

- 8 Has it been identified whether the deceased had a spouse or civil partner who [died before](#) them and if so, have their details been obtained?

- 9 Has the [domicile](#) of the deceased and surviving spouse or civil partner been established?

Assets

- 10 Have all items referred to [in the will](#) (or in any other relevant document) been included in form IHT400?

- 11 Have all assets that the deceased [held jointly](#) on their death been identified?

- 12 Have all assets been identified that are either due to the deceased from [someone else's estate](#) which have not yet been received OR received by the deceased from [someone else's estate](#) in the last five years?

Gifts and debts

- 13 Have all [gifts or other transfers](#) of value made within the seven years of the date of death been identified?

- 14 Have any gifts with [reservation of benefit](#) been fully considered and identified?

Value and calculation

- 15 Has evidence been gathered to substantiate claims for [debts](#) owed by the deceased?

Pensions, life insurance and trusts

- 16 Have all [pension scheme lump sum death benefits](#) been included on form IHT409?

- 17 Have the deceased's [pension arrangements](#) been checked to establish whether there have been any transfers, disposals, contributions or other changes in the two years before death?

- 18 Has the correct valuation of any [life policy](#) included in the estate been checked?

- 19 Have the [terms and ownership](#) of any joint life policies been checked?

Pensions, life insurance and trusts continued

20 Has it been established whether the deceased had any interest in [a trust](#) set up by someone else?

Valuations

21 Has the [open market valuation](#) at the relevant date(s) been obtained and used (for example the date of death or date of gift) for each asset?

22 Have the valuations of any [trust assets](#) been obtained from the trustees and do they include details of any apportioned or accrued income yet to be paid?

General

23 Has the form IHT400 and all accompanying schedules been checked for completeness and [accuracy](#)?

24 Is the Inheritance Tax [calculation](#) accurate?

25 Has the Inheritance Tax [payment](#) that is due been paid?

Explanation and mitigation of risks

Information gathering

1. Has consideration been given to the rules for excepted estates?

Risk

We receive many unnecessarily completed forms IHT400 where an IHT205 (C5 for Scotland) or an IHT205 or C5 with an IHT217 would suffice. We also receive many excepted estate forms when an IHT400 should have been completed. Completing the wrong form can cause considerable extra work for personal representatives, agents, bereaved relatives and HMRC and can also lead to unnecessary delays in finalising and dispersing estates.

Mitigation

Check the guidance to see whether the estate is within one of the three categories of excepted estates and within the limits of what qualifies as an excepted estate. See **Inheritance Tax Manual (IHTM) IHTM06011**.

If appropriate complete an IHT205 or C5 attaching an IHT217 if necessary.

Consider whether a full form IHT400 needs to be submitted even if there is no Inheritance Tax to pay.

Explanation

New legislation was introduced in 2010 which expands the definition of excepted estates for deaths on or after 6 April 2010 and so increases the circumstances in which an IHT205 (C5 for Scotland) can be completed. It also introduced a new form IHT217 to claim a transfer of unused nil rate band in excepted estates.

For further guidance on the rules from 6 April 2010 see **IHTM06024**.

A further amendment was made with effect from 1 April 2014 altering the rules dealing with deducting liabilities in connection with exempt excepted estates in certain circumstances.

For guidance as to what qualifies as an exempt excepted estate see **IHTM06013**.

For guidance on the changes to the exempt excepted estates rules from 1 April 2014 see **IHTM06028**.

Whether an estate is an excepted estate is not solely dependent on whether the estate is tax paying or not.

For further information see **Valuing the estate of someone who's died**.

This toolkit may also be helpful when completing the excepted estates forms IHT205 or C5 as many of the considerations, such as valuation, also apply to these.

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2. Has sufficient time been given to research and prepare form IHT400?

Risk

We recognise that personal representatives want to obtain probate quickly, and dealing with an estate can be complicated and time consuming. However, not allowing sufficient time to speak with the relevant people and gather all the necessary information can lead to errors and omissions and the use of unrealistic estimates when completing the return.

There is a risk that the tax payable date (six months from the end of the month in which the death occurred) is mistaken with the form IHT400 submission date (12 months from the end of the month in which the death occurred).

Mitigation

Consider To enable you to gather all the necessary information and valuations and to submit as complete a form IHT400 as possible, use as much of the allowable time for submission of the form as necessary. If there is still a problem and, for example, you are unable to get exact values, you can enter a reasonable estimate of value. But you must tell us which figures are estimates. Tell us how you have arrived at the values and why you had to use them, preferably on pages 15-16 in form IHT400, or in a covering letter or note. You should only use estimates on form IHT400 if you have no other option.

To mitigate interest charges, it is possible to make a payment on account if Inheritance Tax is due on the estate. However, this does not absolve you of the requirement to submit a form IHT400 on time.

To make a deposit or payment on account of Inheritance Tax you will require a reference number. You must apply for a reference number at least three weeks before the date you expect to make payment. Only apply for a reference if you are absolutely certain that Inheritance Tax is due.

If there are problems with the completion of the account, let us know. It may be that a special type of grant will solve the immediate problem, but you will need to talk to your Probate Registry initially about it.

Explanation

We receive a lot of forms IHT400 that are not correctly or fully completed but have been submitted either to avoid interest charges or due to the pressure to obtain probate.

If you or your clients want to avoid penalties for late submission, the deadline for submitting a form IHT400 is 12 months from the end of the month in which the death of the deceased occurred. The date of submission of form IHT400 is often confused with the date interest starts to run (six months from the end of the month in which death occurred) on any unpaid Inheritance Tax. This results in large numbers of incomplete or incorrect forms being submitted within six months of the date of death.

Reference numbers can be **applied for online** on the HMRC website if the deceased had a National Insurance number. If they did not, then form **IHT422 Application for an Inheritance Tax reference** needs to be completed. This can be downloaded from the HMRC website.

For further guidance on when a penalty may arise for an account delivered after the deadline see **IHTM36021+**, and for an account where tax has been under declared because reasonable care has not been taken to get it right see **CH80000+**.

For further information see **Pay your Inheritance Tax bill**.

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3. Have the will and associated documents been obtained and reviewed and have copies been enclosed with form IHT400?

Risk

Failure to review and provide copies of the will and other essential information with form IHT400 is a common mistake and results in unnecessary delays. In particular there is often a failure to review and provide details about beneficiaries when this affects the Inheritance Tax position of the estate, such as where money is left to charity or to any other exempt beneficiary. Enquiries

may be raised if we do not receive copies of any wills, codicils, deeds of variation or other relevant documentation.

Mitigation

Make sure you have thoroughly checked the essential documents, for example the will, including any foreign wills, any codicil(s), disclaimers, appointments, deed(s) of variation or deed(s) of family arrangement. In particular check if:

- all beneficiaries are still alive
- the number of beneficiaries has been stated - the will may just state, for example, '£5,000 to each of my grandchildren'. In this example you would need to establish the number of grandchildren
- the deceased bequeathed specific gifts as these may lead to 'grossing up' or 'interaction' - see [Q24](#)
- the deceased left anything to charity or to any other exempt beneficiary

Ensure that you provide us with legible copies of the will, and any codicil(s) or other essential documents.

Explanation

Time spent gathering information at the outset can reduce unnecessary contact with us. We often have to raise enquiries for information or documentation.

If a beneficiary to the estate has died before the deceased, we need to know as this may have an effect on the chargeable estate. For example, if the deceased's spouse died before them spouse relief will not be available.

If the will leaves any money or property to a charity or another exempt beneficiary then this will normally be exempt from Inheritance Tax. If you do not take this into account on the IHT400 you may end up paying too much Inheritance Tax and there may be unnecessary delays if any overpaid tax needs to be repaid to you.

For further information about exempt transfers see [IHTM11012](#).

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4. Has the deceased's paperwork relating to assets and liabilities been checked, including any overseas assets or assets held in trust?

Risk

The value of the deceased's estate may not be correctly returned and assessed if you have not checked all the available paperwork.

Mitigation

Check the deceased's paperwork including, for example, recent tax returns and also check for any papers held in a safety deposit box.

Clear up any anomalies or discrepancies before completing form IHT400. If after exhausting all possibilities you are unable to resolve an issue you should include an explanation in the 'additional information' section on pages 15-16 of form IHT400 or in a covering letter, for example, if there is a safety deposit box where access cannot be obtained until after probate.

Take into account any asset in which the deceased had, or may have had, a beneficial interest at the date of death.

With foreign assets you will need to consider the position under local law, Double Taxation Relief or Double Taxation Conventions when preparing form IHT400.

Explanation

HMRC has to reconcile any inconsistencies, omissions and anomalies in the estate. Tax returns will provide information about any of the deceased's assets that were chargeable to Income Tax. Safety deposit boxes often contain valuable information regarding assets, for example, share certificates and gilts. Insurance policies may also provide a list of other valuable assets not mentioned elsewhere.

Foreign assets are commonly overlooked resulting in the estate being undervalued. Ownership of overseas assets (in particular holiday homes, related household goods and bank accounts) has increased substantially over the last 20 years as people live and/or work abroad and travel more.

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5. Have close family and past or present business and personal associates been consulted and have they understood the terminology used?

Risk

Information relevant to the estate may be missed. Words and phrases that are commonly used by HMRC and agents may not be understood or may be misinterpreted by clients and others. Misunderstandings can arise and opportunities to gain information and clarification can be missed. In particular, gifts and assets may remain overlooked and undisclosed.

Mitigation

It is important for you to obtain details from those who have knowledge of the deceased's affairs, especially family members and anyone with a power of attorney. Solicitors, accountants, financial advisers and business associates should also be approached.

It is easy to assume that your clients understand what details are required because they do not question a statement, or ask for clarification. Try to avoid ambiguity and misunderstanding by explaining the requirements and processes of Inheritance Tax and probate in terms and language that the personal representatives and other non-practitioners understand.

Examples of commonly misunderstood phrases:

'Joint property' - often interpreted as referring only to houses, land and buildings. The meaning is far wider and also includes things such as syndicates sharing race horses, jewellery, bank and building society accounts.

'Beneficial interest' - is often a phrase that lay people do not understand and do not appreciate that it can include assets which are held or registered in another person's name.

Explanation

You and your clients may not easily be able to locate all the deceased's papers and documents which are often lost, forgotten or destroyed. Information, assets and details of gifts frequently come to light after form IHT400 has been submitted. We are aware that people keep details of their finances private or their personal and business information separate. This is why it is important to consult with anyone who may have knowledge of the deceased's affairs. More information about gifts can be found at [Q13](#).

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6. Have any disputes or court actions which may affect the estate been identified?

Risk

Court actions, family disputes or any type of challenge to the estate can make a significant difference to its value.

Mitigation

If you are aware of a court action, claim, dispute, or potential dispute, let us know what the circumstances are, who is involved and, if possible, details of the timescale. It could be that there was a court action in existence before the death of the deceased. If you become aware of anything unusual which you suspect may impact on the value of the estate, keep us informed.

Explanation

There are many reasons why disputes arise, they may include:

- a lack of clarity in the drafting of the will
- a perceived injustice
- the deceased was pursuing an outstanding debt
- a claim for damages
- a claim under the Inheritance (Provision for Family and Dependents) Act 1975

For further guidance see [IHTM35000+](#).

In some of these situations family dynamics can be very complex and difficult with parties reluctant to reveal or release details. Any information we receive is treated in strictest confidence. Early notification of ongoing disputes or court action may mean we can take action to limit further delay. For example, we may ask the District Valuer to inspect informally any houses, land or buildings in order to obtain a valuation while waiting for the outcome of any dispute or court action.

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7. Has the deceased disposed of property on their death that qualifies their estate for the residence nil-rate allowance (RNRA) that came into effect on 6th April 2017?

Risk

There can be a number of potential risks with the application of new legislation after its introduction, which might result in RNRA that is incorrectly claimed, or not claimed at all. There is no data yet on what common mistakes might arise.

Mitigation

Refer to the guidance at [IHTM46000+](#) and the [RNRA calculator](#).

Explanation

The RNRA is new legislation, and therefore careful consideration should be given to available guidance if you consider the estate qualifies for RNRA.

Basic overview:

Broadly, a residence nil-rate amount (RNRA) is available, for deaths on or after 6th April 2017, if a person's estate includes a home which is their residence ([IHTM46031](#)), and this is left to their direct descendants. A direct descendant means a lineal descendant of the deceased such as their child, grandchild, great grandchild etc, but the legislation has extended the scope to include others ([IHTM46034](#)). Details of the RNRA being claimed can be provided on form IHT435.

If the deceased qualifies for RNRA, their estate may also be entitled to any unused RNRA from the earlier death of their spouse or civil partner ([IHTM46040](#)). This is called the 'brought-forward allowance'.

The legislation also provides for an adjustment to the RNRA in situations where a person has downsized or disposed of their residence after 8th July 2015, and on their death they leave a

less valuable residence or other property to their direct descendant (**IHTM46050+**). The adjustment is called a 'downsizing addition'.

A claim for brought-forward allowance, or the downsizing addition, must be made by the deceased's personal representatives within 24 months, starting from the end of the month in which the deceased died. There is no prescribed form for making a claim, but form IHT436 can be used to claim the brought-forward allowance, and IHT435 for the downsizing addition.

In calculating the IHT due, any available RNRA is applied to the value of the estate in priority to the nil-rate band, and does not apply to lifetime transfers made within 7 years of the death (**IHTM46003**).

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8. Has it been identified whether the deceased had a spouse or civil partner who died before them and if so, have their details been obtained?

Risk

If full details of any pre-deceased spouse or civil partner have not been obtained the transferable nil rate band may be overlooked or not applied correctly resulting in too much or too little Inheritance Tax being paid.

Mitigation

Thoroughly research the background of any pre-deceased spouse or civil partner. Is there the possibility that the deceased was widowed more than once? Avoid making assumptions about what happened to the pre-deceasing spouse or civil partner's estate and obtain the documentation. If you believe relief is due but you cannot establish all the facts after extensive research then tell us what efforts you have made and what you have discovered. Provide full details of the information you have obtained either in a covering letter or on pages 15 and 16 of form IHT400. Don't forget to include copies of any documentation you have together with the completed form IHT402 and we will consider the claim.

Explanation

This relief has to be claimed (see **IHTM43006+**) using **form IHT402 Claim to transfer unused nil rate band**. The notes on pages one and four of form IHT402 will help you. There is a time limit for this claim which is 24 months, starting from the end of the month in which the deceased died.

Common points often overlooked:

- If Estate Duty, Capital Transfer Tax or Inheritance Tax was paid on the first death, you cannot claim this relief as the nil rate band will have been used
- Ensure you are using the correct threshold to calculate the percentage of the transferable nil rate band available

For further information see **Transferring Inheritance Tax thresholds**.

For further information on nil rate bands (thresholds) see **Inheritance Tax thresholds**.

- If the deceased had more than one pre-deceased spouse or civil partner, you can only claim to a total of 100 per cent of the nil rate band. Complete a separate form IHT402 for each spouse or civil partner
- Reading all the documentation of the pre-deceased spouse or civil partner very carefully is imperative, particularly the will. You can then identify all chargeable legacies, any indication of lifetime activity, or anything else, such as having the power of appointment over trust funds, which will reduce the unused nil rate band. Lifetime transfers and deeds of variation must not be overlooked

- Where the pre-deceasing spouse or civil partner died intestate, make sure that you consider the destination of their estate under the intestacy rules as they stood at that time. You will also need to consider the domicile of the pre-deceased spouse or civil partner as the rules vary dependent upon the country

For further guidance see [IHTM12000](#).

Consideration will need to be given to the domicile of the pre-deceased spouse or civil partner as well as the deceased as at the date of the first death as this could affect the amount of the spouse or civil partner exemption that was then available.

For further guidance see [IHTM11033](#).

Check that the spouses were legally married or that the civil partnership was registered at the date of the first death.

For UK civil partnerships the first death must have occurred on or after 5 December 2005, the date the Civil Partnership Act (CPA) became law.

For further information on equivalent overseas relationships see [Schedule 20 CPA 2004](#). Prior to 22 March 1972 there was no spouse exemption and so the entire estate would be taxable even if it passed to the surviving spouse.

Between 22 March 1972 and 12 November 1974 the spouse exemption was limited to £15,000. This limitation applied to both absolute and life-interests.

On considering a grant issued when Estate Duty was applicable, you need to look at the details contained on the grant carefully. If the grant shows duty as being paid then there is no nil rate band available to transfer. Even if the amounts shown on the grant are under the threshold, the value of the assets subject to Estate Duty may be substantially more.

If Estate Duty is not shown as payable on the grant, you still need to consider whether there were any assets not passing under the grant which need to be included in your calculation.

If the pre-deceased spouse was a member of the armed forces and died prior to 12 March 1952, you need to check which of the two schemes for providing relief from Estate Duty applies.

For further information see [Transferring Inheritance Tax thresholds](#).

For further guidance on the transferable nil rate band see [IHTM43000+](#).

For further information on nil rate bands (thresholds) see [Inheritance Tax thresholds](#).

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9. Has the domicile of the deceased and surviving spouse or civil partner been established?

Risk

The term domicile is often misunderstood and is frequently confused with nationality or residence. Spouse/civil partner relief is limited if the deceased is domiciled in the UK but the spouse or civil partner is not.

Mitigation

If there is any uncertainty about the deceased's domicile find out as much information as possible about the life of the deceased from birth to death. If it is claimed that the deceased was not domiciled in the UK complete form [IHT401 Domicile outside the United Kingdom](#) as fully as possible providing all supporting evidence you have collected. Explain how the estate is to be distributed if the deceased is non-UK domiciled and did not leave a will.

If there is any uncertainty about the domicile of the surviving spouse or civil partner, find out as much information as you can and provide supporting evidence as their domicile can also have an effect on the availability of reliefs.

For further guidance see [IHTM11031](#) and [IHTM11033](#).

Explanation

The law of 'domicile' is of fundamental importance in the determination and application of Inheritance Tax and has a major impact on available relief or exemptions with the surviving spouse or civil partner particularly affected. Increased global mobility has meant establishing domicile status for Inheritance Tax purposes has become more difficult.

For further guidance see [IHTM13001](#) and [IHTM13021+](#).

The deceased may still be deemed UK domiciled for Inheritance Tax purposes even if they have a foreign domicile ruling from HMRC for Income and Capital Gains Tax purposes during their lifetime.

For further guidance see [IHTM13024](#).

The Channel Islands and the Isle of Man are considered outside the United Kingdom (UK) for Inheritance Tax purposes.

If the deceased is UK domiciled then their worldwide assets are chargeable to Inheritance Tax. Where the deceased was domiciled in the UK but their spouse or civil partner is not then, for deaths before 6 April 2013 the relief is limited to £55,000. Where the deceased died on or after 6 April 2013 the relief is limited to the Inheritance Tax nil-rate band (threshold) that applies at the date of death - currently £325,000. Where the deceased died on or after 17 July 2013 it is possible for the surviving spouse to elect to be treated as domiciled in the UK for Inheritance Tax purposes.

For further guidance on these elections, including how an election should be made, see [IHTM13040+](#).

For further information on foreign aspects see [Inheritance Tax: Double Taxation Relief](#).

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Assets

10. Have all items referred to in the will (or in any other relevant document) been included in form IHT400?

Risk

Assets referred to in the will may be incorrectly omitted from form IHT400, for example, where the deceased no longer owned them at the time of death.

Mitigation

Care should be taken to identify all the items referred to in the Will and ensure that they are referred to in form IHT400 even if the deceased no longer owned them at the date of death. Special attention should be paid to the following:

- If the asset is a shareholding and the company's name has changed tell us what the new name is
- If the deceased no longer owned the asset(s) at the date of death what happened to the asset(s)? Tell us if the asset(s) were:
 - sold (tell us when, and say where the proceeds of sale are included on form IHT400)
 - gifted (if within seven years make sure the asset is included on form [IHT403 Gifts and](#)

other transfers of value)

- lost or stolen - in which case we need full details of any insurance claim

Where there are items referred to in the will that are not included in form IHT400 we suggest that you provide a full explanation of the missing items in a covering letter or on page 15.

Explanation

All assets mentioned in the will or other relevant documents need to be accounted for. If there is any information which is not clear to us we will ask you for clarification.

For further guidance see [IHTM12081+](#).

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11. Have all assets that the deceased held jointly on their death been identified?

Risk

Assets held in joint names are not always included correctly on form IHT400, particularly joint property which passes by survivorship. Form [IHT404](#) is not always fully completed when there is joint property which can cause us to raise further questions to establish the correct position.

The identity of the co-owners may affect the valuation rules and whether any discount may be claimed.

Reliefs could be incorrectly applied if it is wrongly presumed for example that the asset passes to the spouse or civil partner.

Mitigation

Ensure that you ascertain any joint property held and identify full details of joint owners, shares and survivorship provisions. You should complete form [IHT404](#) fully. To check whether the deceased owned any joint property see [IHTM15001+](#), you need to:

- check with associates of the deceased
- check any records the deceased had
- check any records you have
- identify all other joint owners and their relationship to the deceased
- find out who benefited from/received any income from any assets and who declared this for Income Tax purposes
- establish if there is anything to be deducted from the value of the asset and whether this is in the same proportions as the beneficial interest
- obtain details of the following:
 - the intention of the co-owners when purchasing/acquiring the asset
 - whether there was any agreement between the co-owners as to the beneficial ownership of the asset
 - what the enjoyment/use of the asset was and whether this changed before the deceased's death
 - how any outgoings (ie utilities/insurance) were divided between the co-owners

For example the deceased may have paid a larger portion of a mortgage. Any liability or deduction should be in the same proportions as the share owned by the deceased. So if the deceased owned a half share then a half share of the mortgage, or insurance costs, etc. should be deducted. Any extra money paid over and above the share held by the deceased may be further gifts to the other joint owner(s). Alternatively, the other joint owners may hold their share(s) as bare trustee(s) for the deceased and indeed vice versa.

If the joint asset was acquired through inheritance you should let us know the details: the full name of the previous deceased, date of death, relationship to the current deceased and the Inheritance Tax reference if known.

If the co-owner is a trust you will need to consult with the trustees.

Explanation

We often find that joint assets are not included on form IHT400, especially those which pass by survivorship, or that form IHT404 is not fully completed. It might be that your clients have already updated ownership of bank accounts or land, for example by production of the death certificate, and therefore, do not think that it is necessary to mention these assets for Inheritance Tax and probate purposes.

Sometimes it is not recognised that bank and building society accounts held jointly with the deceased to enable, for example, a child to assist with the payment of bills and day to day expenses remain part of the deceased's estate and should be reported in full. Checks also have to be made where the accounts are held in joint names to see whether the co-owner has merely been added on as a signatory rather than them actually having an interest in the funds within the account.

If the deceased has transferred assets into joint names but continued to receive all the income then you need to consider if a gift with reservation is involved. However, you need to be aware that even if all the owners declared their share of the income for Income Tax purposes, and indeed paid that tax, it may still be classed as a gift with reservation. You will have to consider exactly how the asset was used during the lifetime of the deceased.

For further information see a [case example](#).

For further guidance on gifts with reservations see [Q14](#) and [IHTM14301](#).

The intentions of the joint owners are not always obvious. It is easy to jump to the wrong conclusion about the correct share enjoyed by the deceased. It could be that the deceased held the asset on trust for the other owner(s) and only had a life interest.

For further guidance see our introduction to form [IHT404](#) at [IHTM15021+](#).

For further guidance on lifetime transfers see [Q13](#) and [IHTM15060](#).

For further information see [Valuing the estate of someone who's died](#).

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12. Have all assets been identified that are either due to the deceased from someone else's estate which have not yet been received OR received by the deceased from someone else's estate in the last five years?

Risk

Assets that the deceased has inherited are easy to overlook if the other estate has not been fully administered.

Assets due to be inherited can be incorrectly valued.

Quick succession relief may be available and may be overlooked.

Mitigation

You should complete form [IHT415 Interest in another estate](#) as fully as possible. Revalue any assets yet to be distributed as at the date of the deceased's death, taking account of any related property. For example, if the deceased owned a half share of a house and inherited the other half, you are required to value the entirety, no discount being allowed for shared ownership.

You should ensure that assets received are accounted for in the deceased's estate. If they are not, find out what has happened to them and, if they have been passed on, ensure they are declared as gifts on form **IHT403 Gifts and other transfers of value**.

Explanation

The value of assets due to be received are often returned at the value from the previous estate instead of the value as at the date of the deceased's death. The value of assets can increase or decrease significantly between the date of inheritance and the date of the deceased's death.

For further guidance see **IHTM22001+**.

The calculation of quick succession relief is not based on what the deceased actually received, but on the chargeable estate in which the inheritance arose. The calculations for quick succession relief do not take account of the costs of administration, although the costs incurred against the deceased's entitlement up to their date of death are allowed as a deduction against the assets still to be received.

For further guidance see **IHTM22041**.

For further information see **Valuing the estate of someone who's died: valuing gifts**.

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Gifts and debts

13. Have all gifts or other transfers of value made within the seven years of the date of death been identified?

Risk

All gifts and transfers of value made in the seven years to the date of death need to be included in the calculation of Inheritance Tax. Transfers of value can be overlooked as they occur not only when property or money is gifted to a friend or family member, but can arise in a variety of other circumstances, such as:

- where an asset is sold for less than its full open market value, such as a sale of a house to a family member below the open market value
- where a debt has been written off
- where an asset is acquired by more than one person, but they hold that asset in different proportions to their contributions
- where property is transferred into a trust or settlement
- where someone has an interest in a trust but that interest ceased before the person died

Mitigation

It is strongly recommended that you check all bank and building society statements for the seven years prior to death to see what transactions have taken place which may be regarded as 'gifting'. We would suggest initially checking at least the previous three years statements; this will provide you with a good indication of the gifting history of the deceased. If you find any withdrawals and transfers which seem unusual in their amount or regularity then you should consider a review of the bank statements for the full seven years.

Ensure that associates of the deceased, particularly the family, are asked whether they have received anything from the deceased, including gifts for birthdays, Christmas or other religious festivals, and on marriage.

Also check whether the deceased paid for anything on someone else's behalf, for example holidays, bills, or loaned them money which has been waived.

Check whether the deceased owned any property jointly with anybody else. If they did, check whether the contributions to the purchase and other costs matched their respective interests in the property. You will also need to check how the joint owners funded their shares of the purchase price. It is quite common, for example for parents to give their children money to fund the children's shares, and that money is often not declared as a gift.

You need to consider any ancillary costs of the purchase of a joint asset, for example, fees and Stamp Duty. If they were not paid in the same shares then a gift will have been made.

Check whether the deceased disposed of any property or assets within seven years of their death. If they did, check whether or not they were sold for full market value and the sale proceeds were received by the deceased. If they were not then the disposal by the deceased may have included some element of gift which you need to tell us about.

Check whether the deceased transferred any property into a trust or settlement in the seven years to the date of death. Trusts set up outside of the UK (and this includes the Channel Islands and the Isle of Man in this context) are often not brought into account as they should be.

If there are any trusts, you will need to know from the trustees what assets the deceased transferred into trust during their lifetime and check whether the deceased reserved a benefit.

Check whether the deceased had an interest in any trust which changed or ceased prior to the date of death. The trustees should be able to tell you if there have been any alterations to the trust which may be classed as transfers of value.

For further guidance on lifetime transfers see [IHTM15060](#).

For further guidance on specific lifetime exemptions see [IHTM14131+](#).

Explanation

We are less likely to raise further queries if you have provided us with as much information as you are able to at the outset.

An area where the gift element is often forgotten is where the deceased has sold an asset, usually to a family member, for less than the 'open market value', so the difference between the 'open market value' and the selling price should be disclosed as a gift.

When valuing lifetime transfers, the 'loss to the estate' and 'related property' principles should be taken into account.

For further guidance on loss to the estate see [IHTM04054](#).

For further guidance on related property see [IHTM09731](#).

For further guidance on lifetime transfers: what is a potentially exempt transfer see [IHTM04057](#).

For further guidance on immediately chargeable transfers see [IHTM04067](#).

For further guidance on how lifetime transfers are brought into the charge for tax see [IHTM14531+](#).

For further information see [Valuing the estate of someone who's died: valuing gifts](#).

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14. Have any gifts with reservation of benefit been fully considered and identified?

Risk

Assets may be gifted by the deceased, but the deceased may have continued to be able to benefit from, or use, the property gifted during their lifetime. These gifts with reservation of benefit may also be missed as these need to be considered even if the original gift was made earlier than the seven years before death.

Mitigation

Check how any property gifted by the deceased has been used since the gift was made. If the deceased continued to use the property, or continued to benefit from the gifted asset, the gift may well be a gift with reservation of benefit. If there is a gift with reservation of benefit it will need to be valued as at the date of death and the seven year rule does not apply. This is very common with the deceased's residence and other houses, land and buildings and also with bank and building society accounts.

For further guidance on gifts with reservations see [IHTM04071](#) and [IHTM14301](#).

Explanation

When considering whether there is a potential reservation of benefit, consideration should also be given to the pre-owned asset legislation and checks should be carried out to see whether an election has been made and if any pre-owned asset income tax charge has been paid. If the deceased made use of property that they had previously gifted, but they paid a full market rate for the use of that property, providing full details will reduce the enquiries that we may need to raise.

For further information on pre-owned assets see [IHTM44000](#).

For further guidance see [IHTM04072](#) and [IHTM16121](#).

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15. Has evidence been gathered to substantiate claims for debts owed by the deceased?

Risk

The main areas of risk that we see with claims for debts owed by the deceased are:

- inadequately evidenced loans from friends and relatives
- a deduction incorrectly claimed as spent on behalf of the deceased by friends and relatives
- uncashed cheques which are for the benefit of someone other than the deceased
- unreasonable funeral expenses
- other loans, overdrafts or mortgage/equity release schemes where it is not evident how the money has been used

For further guidance on debts generally, including mortgages and secured loans see [IHTM28000](#).

For further guidance on restrictions to liabilities that can be deducted for Inheritance Tax purposes see [IHTM28010+](#).

Mitigation

Investigate fully and give full explanations on the relevant forms or in a covering letter. The letter should include the exact terms and conditions regarding any loan from friends and family plus details of exactly what the deceased used the loan for.

If assets were purchased with the loan confirm that the assets are reflected in form IHT400 including their value when purchased and their value at the date of death. Also confirm whether the person who made the loan had at some time received a gift from the deceased.

You should also ensure that all the debts are legally enforceable and not statute-barred.

If any debt is not actually going to be repaid out of the deceased's estate then it cannot usually be deducted for Inheritance Tax purposes, see [IHTM28029](#).

If a loan is not evidenced in writing you should check whether the recipient or any witness would be willing to make a sworn statement.

If there are any cheques uncashed at the date of death that were payment for goods and services for the deceased, please confirm what they were for, making sure that the value of any asset purchased is included. Cheques for gifts that have not been presented before death are not an allowable deduction.

Where funeral costs are unusual please provide a breakdown of costs and copies of receipts with an explanation telling us why the costs are considered reasonable.

For further guidance on uncashed cheques see [IHTM28300](#).

For further guidance on funeral costs see [IHTM10371+](#).

For further guidance on legally enforceable debts see [IHTM28383](#).

For further guidance on statute-barred debts see [IHTM28384](#).

For further guidance on deductions from estate see [IHTM10361](#).

For further guidance on where to find instructions about specific debts see [IHTM10362](#).

For further information see [Valuing the estate of someone who's died: debts and liabilities](#).

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Pensions, life insurance and trusts

16. Have all pension scheme lump sum death benefits been included on form IHT409?

Risk

Full details of all lump sum death benefits paid from the deceased's pension schemes should be reported on form IHT409 whether or not they are chargeable to Inheritance Tax. This is frequently overlooked.

Mitigation

Raise enquiries with each of the deceased's pension scheme providers to establish whether a lump sum death benefit was paid, the amount that was paid and the beneficiary of any payment. The pension scheme provider should be able to advise whether the payment was made at their discretion or you may need to check the scheme rules to see if any such payment is discretionary. You should let us have copies of any such evidence obtained.

Explanation

Some lump sum death benefit payments are chargeable to Inheritance Tax whether or not the payment is made to the estate. A payment that is made to the estate or the personal representatives as of right is chargeable. Similarly, if the deceased pension scheme member had a general power to direct such a payment to specified beneficiaries with a binding nomination, it is within the estate and chargeable. Where a payment is made at the discretion of the pension scheme trustees or providers, it is not within the estate and therefore not chargeable to Inheritance Tax. If you do not complete all the boxes on the form or fail to send in the relevant supporting evidence we may need to raise enquiries.

For further guidance see [IHTM17000+](#).

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17. Have the deceased's pension arrangements been checked to establish whether there have been any transfers, disposals, contributions or other changes in the two years before death?

Risk

Where the deceased has not taken their full pension entitlement before they have died, the unused funds may be paid as a lump sum death benefit that is not chargeable to Inheritance Tax. In these cases a change to their pension rights or benefits or additional contributions made in the deceased's lifetime may have resulted in a loss to their estate which is a lifetime transfer of value. In particular, there may be a loss to the estate if the pension scheme member is in ill-health at the time of the change. Changes to pension arrangements made within the 2 years prior to death should be reported on the form but these are easy to miss.

Mitigation

Raise enquiries with the pension company and any financial advisers as to whether there have been any changes to the pension rights or benefits or additional contributions made in the two years immediately before death.

Explanation

The deceased may have transferred their pension from one scheme to another. The benefits under both schemes may have been held on discretionary trusts. When transferring from one scheme to the other the deceased would have had a choice of what to do with the death benefits which could have triggered a transfer of value, particularly if the deceased was in ill health. Other changes or contributions made in the two years before death may similarly result in a transfer of value.

For further guidance see [IHTM17000+](#).

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18. Has the correct valuation of any life policy included in the estate been checked?

Risk

Often the surrender or date of notification values for policies are provided in the form IHT400 rather than the required date of death open market values.

Mitigation

Ensure that the value requested from the life insurance company is the open market value at the date of death.

For further guidance see [IHTM20000+](#).

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19. Have the terms and ownership of any joint life policies been checked?

Risk

Policies are at risk of being omitted or excluded from the estate when they are held jointly. There is also a risk that the wrong share of a policy may be included on form IHT400 and that the type of policy is not correctly identified.

Mitigation

Read any policies and make sure you have asked the life insurance company for full details as to beneficial ownership of a policy as well as legal ownership. Ensure that the insurance

company confirms who paid the premiums on any joint policy, for example, was it solely the deceased?

Explanation

The policy may be incorrectly thought to be jointly owned just because it is in joint names. It could be that the policy is in the deceased's sole beneficial ownership.

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20. Has it been established whether the deceased had any interest in a trust set up by someone else?

Risk

There may be trust events which need to be taken into account such as the trustees releasing funds which were previously held for the deceased's benefit. This could be a transfer of value which is often overlooked.

Any trust interests will also need to be taken into account when arriving at the Inheritance Tax estate and the apportionment of the nil rate band.

The changes made to the taxation of trusts following the Finance Act (FA) 2006 may need to be taken into account.

Mitigation

Ensure that you are aware of all the deceased's interest in any trusts, and have checked what the Inheritance Tax position of the trust is, for example, is it a pre or post FA 2006 interest in possession trust? Check whether any of the trust interests have been terminated, either partially or fully, in the seven years leading up to death. The trustees should be able to tell you if there have been any alterations to the trust which may be classed as transfers of value. See [Q13](#).

Obtain full information about the deceased's interest in the trust so that you are able to calculate the Inheritance Tax position of the estate. You will need to consider whether the trust was established before or after the FA 2006 as this will affect how you should deal with the deceased's interest for Inheritance Tax. It may be that the total Inheritance Tax liability needs to be apportioned between the estate and the trust interests.

Explanation

Events which happen to a trust under which the deceased can benefit can mean that the deceased is treated as making a transfer of value for Inheritance Tax purposes. These transfers of value need to be taken into account when completing form **IHT403 Gifts and other transfers of value** to ensure that form IHT400 is completed correctly. See [Q13](#). You should obtain the details from the trustees so that you can include any details of a release on form **IHT403 Gifts and other transfers of value**, and the trust details on form **IHT418 Assets held in trust**. The release of a trust interest may have an effect on the total of chargeable lifetime gifts and the calculation of Inheritance Tax. However, it is the responsibility of the trustees to complete and return a form **IHT100** for the trust.

For further guidance on settled property see [IHTM16030](#).

For further guidance on foreign property in a trust see [IHTM16161+](#).

For more information see [Trusts and Taxes: Trusts and Inheritance Tax](#).

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Valuations

21. Has the open market valuation at the relevant date(s) been obtained and used (for example the date of death or date of gift) for each asset?

Risk

Valuation is an area of high risk for HMRC. This is particularly so where the valuation is not referred to a qualified, independent valuer. However, it is not sufficient to simply refer a valuation to a valuer. In the absence of proper instructions the valuer will not understand the context nor have all the necessary details on which to make a proper valuation. Areas that are frequently overlooked include:

- For land and buildings - the potential for the development of the land (in particular large gardens) and buildings (in particular dividing buildings into flats), the existence of tenancies
- For farms - the need for separate valuations and details for the farmhouse, any other dwellings, any farm/outbuildings and their usage, the land and any amenity land and their rights such as fishing, shooting, mineral
- For overseas assets - ensuring that valuation for Inheritance Tax purposes are clearly understood by the overseas valuer as often valuations under overseas law are not on the same basis as UK law
- Where there is a 'related property' ensure that this has been taken into account in the valuation following a lifetime event or death
- For gifts you need to consider the 'loss to the estate' principle

For further guidance on Foreign Property see [IHTM27000](#).

Mitigation

In limited circumstances you can provide self valuations for assets. For example, ordinary household goods where individual items have a value of no more than £500, and the use of publicly available data to obtain a valuation for second hand cars. Where you have provided a self valuation, explain how you have arrived at that value and why, if appropriate, a low or 'nil' valuation has been returned. Where there are antiques or collections and you are not obtaining a professional valuation provide us with a full description of the items and details of any sales proposed.

In all other circumstances and for all other assets you are strongly advised to obtain a professional valuation and ensure that the valuers are instructed properly. In some cases you may feel that it is appropriate to obtain more than one valuation.

When obtaining a valuation:

- engage a qualified, independent valuer
- explain the context and draw attention to the definition in [S160 Inheritance Tax Act \(IHTA\) 1984](#) (market value)
- provide all the relevant details concerning the asset, in particular ensuring the valuer is aware of the need to take into account any points mentioned in the bullet points under 'Risk' above
- ensure that copies of relevant agreements, or full details where only an oral agreement exists, are provided so misunderstandings do not arise

To help us verify overseas valuations you should also let us have the full address of any property together with a full description including number and size of rooms plus any facilities, for example, swimming pools. Copies of the overseas valuations should be sent to us together with any translations. To assist with the valuation process involving overseas properties, in the majority of cases photos will be required which show the general condition both internally and

externally. Providing photos at the outset will reduce the likelihood of us raising further enquiries when considering the valuation.

For farms, always provide a plan and photos of the farmhouse, buildings and land. We will also need to see a copy of the professional valuation reports that you have obtained.

For further guidance on agricultural value see [IHTM24150](#).

There are special rules about valuing jointly owned assets where the other joint owner is the surviving spouse or civil partner (much more rarely a charity or one of the political, national or public bodies to which exempt transfers may be made) or a trust in which the deceased has a life interest.

For further guidance see [IHTM09731+](#).

Explanation

Where self valuations are made we see wide margins of error. Lengthy correspondence may be avoided if we are satisfied that all the relevant factors have been taken into consideration. Valuations received are often inaccurate and the full valuation requirements of the IHTA1984 are not considered. We frequently receive incorrect valuations based on insurance values, replacement values or book values. The general rule for Inheritance Tax purposes is that the value of any asset is the price it might reasonably be expected to fetch if sold in the open market at the time of death or transfer.

When looking at the value of gifts you need to consider the 'loss to the estate' principle. This means that you look at the value of the estate before and after the gift was made. The difference between those two figures is the loss to the estate and is the figure that needs to be included on form IHT400.

For further guidance on loss to the estate see [IHTM04054](#).

For further information see our guides [Valuing the estate of someone who's died](#) and [Valuing the estate of someone who's died: assets](#).

For further guidance on the concept of market value see the [Valuation Office Manual](#).

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22. Have the valuations of any trust assets been obtained from the trustees and do they include details of any apportioned or accrued income yet to be paid?

Risk

If correct valuations have not been obtained from the trustees it is impossible to calculate the correct Inheritance Tax liability in the estate.

Mitigation

Ensure the trustees give you sufficient information to enable you to complete form [IHT418 Assets held in trust](#). Establish if there is any income, accrued or apportioned, due to the deceased which had not been paid prior to death. Establish if there had been any releases of the deceased's life interest. These will have to be shown as 'gifts' on form [IHT403 Gifts and other transfers of value](#), see [Q13](#). Ensure that these are valued at the appropriate date.

For further guidance on accrued income see [IHTM16171](#).

For further guidance on apportioned income see [IHTM16172](#).

Explanation

The valuation of certain trust interests will need to be included in the Inheritance Tax calculation of the estate. The nil rate band also needs to be apportioned correctly between the various interests.

For further guidance on foreign property in a trust see [IHTM16161+](#).

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General

23. Has the form IHT400 and all accompanying schedules been checked for completeness and accuracy?

Risk

Omissions and mistakes may result in delays in processing form IHT400 and returning the stamped form [IHT421 Probate Summary](#) or [C1 Confirmation for Scotland](#) to you or unnecessary compliance checks being raised by us. In particular the questions on supplementary forms are not always fully answered or insufficient additional information is provided, which may result in additional compliance checks being made.

Mitigation

Make sure you have:

- obtained and verified all the deceased's details that are requested on pages 1 and 2 of form IHT400
- ensured that all the relevant boxes are fully and legibly completed on the correct form
- answered all the questions and included all the required schedules
- provided complete and legible copies of all other relevant documents
- checked that the personal representatives have read the completed form and all accompanying schedules and signed form IHT400

Form [IHT421 Probate Summary](#) or [C1 Confirmation for Scotland](#) must be signed by the person or firm calculating the Inheritance Tax and sent with form IHT400.

Explanation

Even though the ultimate responsibility for accuracy rests with the personal representative(s) we recommend that you complete a final check before submitting form IHT400. Completing the forms and calculating exemptions and reliefs can be difficult. We receive a large number of incorrect and incomplete forms IHT400 and schedules, forms we cannot read, and forms in which rudimentary errors occur. These avoidable mistakes all lead to extra expense and delays for you and your client.

Pages 4 and 5 of form IHT400 show which schedules need to be completed and submitted with the IHT400. Check that you have included and completed all of the relevant schedules when submitting the IHT400.

Forms which are often not completed fully are [IHT404](#) - Jointly Owned Assets, [IHT413](#) - Business and partnership interests and assets and [IHT414](#) - Agricultural Relief. Not fully completing these forms, or providing insufficient information on form IHT413 or IHT414 about the nature of the deceased's business or agricultural activities, will lead to delays in processing the forms and may lead to additional compliance checks being made.

All forms IHT400 must now be sent to our office in Nottingham including those from Scotland. (Confirmation may be delayed if you do not send form IHT400 and C1 to Nottingham.)

Go to [Inheritance Tax and probate forms](#).

For more guidance on the IHT400 - Declaration (pages 12 and 13) see [IHTM10043](#).

Form IHT400 should now be used in all cases where a full Inheritance Tax account is required.

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24. Is the Inheritance Tax calculation accurate?

Risk

When calculating the Inheritance Tax due, exemptions and reliefs, in particular the transferable nil rate band, are sometimes claimed when they are not available or the wrong amount is claimed. The wrong threshold is also sometimes applied in the calculation. Errors in the calculation of Inheritance Tax may lead to delays in processing form IHT400 and lead to further payments or repayments of tax being required.

Mitigation

Use the [IHT400 calculation](#) worksheet to work out the Inheritance Tax. This covers the common aspects, but not all of the more unusual ones.

Use the links and interest calculator on the HMRC website to recheck your calculation. Some of the most common errors where particular care is needed are:

- with the calculation of the transferable nil rate band - see [IHTM43000+](#) and [Transferring an unused Inheritance Tax threshold](#)
- using the incorrect threshold or 'nil rate band' - see [Inheritance Tax thresholds](#)
- errors may potentially arise when applying the residence nil-rate allowance (RNRA) that came into force on 6 April 2017. Please refer to [IHTM46000](#) and the [RNRA calculator](#)
- when 'interaction' applies to the value of certain legacies because there is property in the estate which qualifies for agricultural or business property relief - see [IHTM26101+](#)
- when 'grossing up' applies to certain legacies because part of the estate passes to exempt beneficiaries - see [IHTM26122+](#) and [Grossing up calculator](#)
- joint assets passing by will or intestacy are included in the estate for 'interaction' and 'grossing up' calculations, but assets held as beneficial joint tenants are not, (but remember to take account of them in calculating the overall Inheritance Tax)
- how to apply the reduced rate of Inheritance Tax where the deceased leaves at least 10% of their net estate to charity (applies for deaths on or after 6 April 2012) - see [IHTM45000](#)
- the calculation for Quick Succession Relief (QSR) - see [IHTM22051](#)
- incorrect claim to Double Taxation Relief - see [IHTM27181](#)
- when interest is due on the Inheritance Tax you are paying - see [IHTM30341+](#) and [IHTM30352](#)
- where Taper Relief is calculated in connection with lifetime transfers. Taper Relief only applies as a reduction in Inheritance Tax payable in respect of the gift and is dependent on the date of the transfer. Taper Relief does not reduce the capital value of the transfer or gift. For further guidance on Taper Relief see [IHTM14611+](#)

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25. Has the Inheritance Tax payment that is due been paid?

Risk

If the Inheritance Tax and any interest due is not paid to the Accounts Office at Cumbernauld it will delay the authorisation of form [IHT421 Probate Summary](#) or [C1 Confirmation in Scotland](#). If payment is sent in with form IHT400 this can also delay the process for obtaining

probate as the payment has to be processed by HMRC Accounts Office and cheques have to be passed on to them to be banked before form **IHT421 Probate Summary** can be authorised.

Mitigation

Paying electronically is the quickest and easiest way. If payment is being made by cheque it is very important that the Inheritance Tax reference number (see [Q2](#)) is written on the reverse and the cheque is accompanied by a payslip. **All payments should be sent to the Accounts Office at Cumbernauld.**

For more information on how to pay see our guide **Pay your Inheritance Tax bill.**

Inheritance Tax form IHT 400 and associated schedules are available at **Inheritance Tax forms.**

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