

# Notes to help you fill in form IHT 205

## Useful phone numbers

### **Probate and Inheritance Tax Helpline**

0845 30 20 900

### **IHT 200 Orderline**

0845 234 1020

### **Addresses**

#### **Nottingham**

IR Capital Taxes, Ferrers House, Castle Meadow Road,  
Nottingham, NG2 1BB

#### **Edinburgh**

IR Capital Taxes, Meldrum House, 15 Drumsheugh Gardens,  
Edinburgh, EH3 7UG

**Please note that where we refer  
to the IHT200 through these notes  
we mean IHT400**

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Example of how to fill in pages 3 and 4 of the IHT205  
Comments slip

**You only need to fill in either Part A or Part B of form IHT205, not both.**

**Before you start to fill in IHT205, you may like to look at the example shown after page 15 of this booklet. This shows you what pages 3 and 4 of the completed form may look like.**

This booklet is for general guidance only. It cannot explain everything about inheritance tax(IHT). If you want to know about any particular area of IHT in detail, please call our Helpline.

## Introduction

You will need to fill in a full Inheritance Tax account instead of form IHT 205 if the total value of

- all the assets belonging only to the person who has died (before taking off the funeral expenses and any debts), **and**
- their share of any assets held with someone else, **and**
- any assets held in trust in which they had a right to benefit, **and**
- gifts made in the 7 years before they died,

is more than **£240,000**.

You can get a full Inheritance Tax account on form IHT200 from us. You can get form IHT200 by ringing us on 0845 2341020. Please leave a message on the answering machine. You should receive the forms within five working days.

You should make full enquiries so that you can show the figures you give and the statements you make are right.

If you are not sure of the meaning of any of the questions, phone our helpline. The numbers are on the inside front cover.

**If there is not enough space on the form to give the details we need, please use a separate piece of paper.**

## Page 1 of IHT 205

### Question 1

## Questions

### Domicile

Usually, the country where you have your permanent home is where your domicile is. It is the country whose laws decide, for example, whether a will is valid, or how the estate of a person who has not made a will is dealt with when they die.

Please tick the box for the country where the person who has died had made their permanent home.

If you have ticked 'other' because the domicile of the person who has died was not in the United Kingdom, please go straight to page 11.

Please note that the Channel Islands and Isle of Man are **not in the United Kingdom**.

## Part A Page 2 of IHT 205

## Question 2

## Question 2a

## Questions

## Gifts

You can answer 'No' to all of questions 2a, 2b and 2c if all the gifts were made **more than 7 years** before the person died.

You can also answer 'No' to this question if the gifts were any of the following

- gifts to their husband or wife, unless at the time of the gift the domicile of the person who has died was in the United Kingdom, but that of the husband or wife was not.
- gifts of not more than £250 to any one person in any one year ending 5 April.
- gifts of not more than £3,000 in total value in any one year ending 5 April.
- gifts which were given on regular occasions, for example, on birthdays or at Christmas.
- wedding gifts of not more than
  - £5,000 to each child of the person who has died or the person that the child is marrying (this includes step-children and adopted children);
  - £2,500 to each grandchild or the person that the grandchild is marrying; and
  - £1,000 each to anyone else.

Please note that 'husband or wife' means someone who is **legally** married to the person who has died.

You can also answer 'No' to this question if the gifts, other than those covered by the bullet points above, were

- cash, or
- shares quoted on the stock exchange, or
- land or buildings (including fixtures and furnishings given to the same person at the same time) which were not a gift with reservation (see page 3), and

the total value of these gifts was not more than £100,000. But you must still show the total of **these** gifts at item 8 on page 3 of form IHT205.

## Question 2b

Relative here includes

- any child under 18 who is not in the care of a parent,
- any child in full-time education, and
- anyone related to the person who has died or to their husband or wife and who cannot look after themselves.

## Question 3

### 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. A simple example is where the person who has died gave a house to their child then continued to live in the house. We would generally treat this as a **gift with reservation**.

## Question 4

### Assets held in trust

A trust is an obligation binding a person who legally owns assets ( the 'trustee') to deal with the assets for the benefit of another person.

A trust might be in the form of a trust deed or a will.

A person will benefit from assets held in a trust when they

- receive the **income** from assets (for example dividends from stocks and shares or interest from a building society account) **but not the assets themselves**,
- receive payments of a fixed amount each year, often in regular instalments, or
- have the right to live in a house and use the contents without paying rent.

If the person who has died **had the right** to benefit under a single trust you can answer 'No' to this question if the value of the assets in the trust was less than £100,000. But you must still show the value of the trust assets at item 9 on page 3 of form IHT205.

You must answer 'Yes' to this question if the value was more than £100,000 or the person who has died had the right to benefit from more than one trust, even though they could not deal with the assets as if they were their own.

## Question 5

### Foreign assets

This includes assets in the Channel Islands and the Isle of Man.

**If you have answered 'Yes' to any of the questions on page 2 of form IHT205, do not fill in the rest of the form. You will need to get form IHT200 from us.**

## Explanations

### Joint assets

Bank and building society accounts, stocks and shares and freehold and leasehold property are the assets most usually held in joint names.

If the person who has died

- held an asset with someone else, and
- wanted their share to pass automatically to the other joint owner,

we call the asset a '**joint asset**'.

A '**joint asset**' is always held in equal shares. You should include the share of the person who has died in item 7 on page 3 of form IHT205. You give the value of the whole item and the share of the person who has died.

But if the person who has died provided all the money in a joint account, show the whole amount in, for example, item 6.2 or 6.3 on page 3.

If the person who has died

- held an asset with someone else, and
- wanted their share to pass under their will (or if they did not make a will, under the rules of intestacy) to someone other than the joint owner or joint owners,

the co-owners hold the asset as '**tenants in common**'.

You should include assets held like this in item 6.12. Only include the share of the person who has died. Their share is usually in proportion to the money they put up to buy the asset or is the amount they put into a joint account. If the asset was not in the United Kingdom, show it in item 6.14.

## **'Open market value' and estimated values**

For Inheritance Tax purposes, you have to value all assets as if each item had been sold on the open market on the date the person died. This is called the 'open market value'. It represents the realistic selling price of an asset, not an insurance or replacement value.

If you do not know the exact amount or value of any item, such as an income tax refund or household bill, please mark the item 'estimated' and include the best estimate that you can make. Do not put off applying for the grant because you do not know the exact figures.

## **Other things to remember**

When you give the value of assets or debts, please round down to the nearest £.

Please write 'Nil' or '0' in the value column if the person who has died did not own any of the assets described.

## **Page 3 of IHT 205**

### **Items 6.2 and 6.3**

## **Now we give you help with specific assets**

### **Bank and building society accounts**

Please show the total figure for all the money in bank and building society accounts when the person died. The figure should include interest that was owed up to that date but was not actually paid into the account. You can get these figures from the bank, building, co-operative or friendly society or savings bank.

### **Item 6.4**

### **Household and personal goods**

The term 'household and personal goods' means things such as jewellery, cars, stamp collections and so on.

You do not need to get a professional valuation, but please attach a copy if you have one.

If you estimate the value, remember to use the 'open market value' not an insurance or replacement value. (See above.)



## Item 6.5

### Savings Certificates and other National Savings investments

These investments include

- 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 can find out the value of all National Savings investments by sending off form DNS 904. You can get this form from the Post Office. Or you can telephone the National Savings Enquiry Line 0845 964 500 or e-mail to [customerenquiries@nsandi.com](mailto:customerenquiries@nsandi.com)

For British Government stock held on the Bank of England register you can find out the value by writing to

Registrar's Department  
Southgate House  
Southgate Street  
Gloucester  
GL1 1UW.

Or you can telephone the General Enquiry Line 01452 398080 (fax 01452 398098) or e-mail [stockenquiries@bankofengland.co.uk](mailto:stockenquiries@bankofengland.co.uk)

**Item 6.6**      **Stocks, shares or investments quoted on the Stock Exchange**

You do not need to get a professional valuation, but please attach a copy if you have one. If not, please attach a list giving full details of the stocks, shares or investments belonging to the person who has died. Please also give their price. You may be able to get this from a newspaper at your local library. You should show the value of the shares on the day the person died, - remember that a newspaper printed on the day the person died will have share prices for the day before.

If the person died on a day when the Stock Exchange was closed, take the price for either the next or last day when the Stock Exchange was open. For example, if the person died on a Sunday you can take the price for either the Monday after or the Friday before. Please say which day you have chosen.

To value stocks and shares, multiply the number of shares held by the price quoted.

For unit trusts, newspapers may show two prices. Take the lower of the two prices they show. If there was no price published on the day the person died, take the last price published before they died.

**Item 6.7**      **Stocks and shares not quoted on the Stock Exchange**

If the person who has died owned shares which are not quoted on the Stock Exchange, for example, in a private family company, please include them here. Please attach a list showing the name of the company, the face value, the class and the number of shares.

Please also give the estimated open market value of the shares. You may need to contact the company's secretary or accountant to get this value.

**Item 6.8**      **Insurance policies**

If an insurance company has valued the insurance policies and bonuses, please let us have a copy of their letter.

**Item 6.9**      **Amounts which employers owe**

This should include any salary and contributions to state or private pensions.

Ask the employer whether any of the payments they make are optional. If they are, you do not need to show them on the form.

**Item 6.10 Partnership and business interests**

Please give the 'net' value, that is business assets less business debts. Attach a balance sheet if you have one.

**Item 6.11 Freehold and leasehold property**

Here you should include any land and buildings which the person who has died owned. You do not need to get a professional valuation, but please attach a copy if you have one. If not, please show the full address of the property and the estimated value. Advertisements in local estate agents and local newspapers can help you to estimate the value.

**Item 6.12 Tenants in common**

See page 4 of this booklet - 'Joint assets'.  
If the person who has died owned an asset as a tenant in common, include their share of the asset here. But if it is not in the United Kingdom, show it in item 6.14.

**Item 6.13 Any other assets**

Give details of any other assets owned by the person who has died and not already included anywhere else on the form. For example, money owed to the person who has died, income tax refunds that were due, PEPS and any death benefits which are due.

If you include a loan as an asset and the value is not the same as the amount of the original loan, please explain why.

**Add items 6.1 - 6.13 and put the total in box A.**

**Item 6.14 Assets outside the United Kingdom**

Include here everything outside the United Kingdom owned by the person who has died or which was owed to them when they died.

Show the value in sterling using the exchange rate at the date when the person died.

If the value of these assets plus any foreign assets owned jointly or held in trust is more than £75,000, you must fill in form IHT200 instead of the IHT205. See question 5 on page 2 of the form.

*Please remember that the Channel Islands and the Isle of Man are not in the United Kingdom.*

You may need to take out a separate grant in the country where the assets are, so that you can deal with them.

### **Item 6.15**

#### **Nominated assets**

Some types of assets, for example National Savings bank accounts and National Savings Certificates, can be 'nominated'. This means that the owner has given written instructions that the asset is to go to a particular person when the owner dies. (This does not include gifts made by will.) Nominated assets are part of the owner's estate for Inheritance Tax when they die.

Please describe the nominated assets and show their value when the person died.

### **Item 7**

#### **Joint assets**

See page 4 of this booklet - 'Joint assets'.

If the person who has died had a share in a joint asset show it here. Please use a separate piece of paper if you need to.

**Add up the value in box A, items 6.14, 6.15 and 7 and put the total in box B.**

### **Item 8**

#### **Gifts of cash or stocks and shares quoted on the Stock Exchange, or land and buildings.**

Describe and write the total value of these gifts, other than those covered by the bullet points on page 2 of this booklet, which were made in the 7 years before the person died.

### **Item 9**

#### **Assets held in trust.**

Give the name of the person who set up the trust and the date of the trust in the box. Write the total value of the assets held in trust. The trustees will be able to tell you what the value of the assets in the trust was at the date the person died.

**Check**

Now add the value of items 8 and 9 to box B.

Put the total in box C. Is the total more than £240,000? If it is, do not fill in any more of this form. You must fill in form IHT200.

**Page 4 of IHT 205**

**Item 10**

**Debts**

You should only include debts which the person who has died actually owed when they died. For example, electricity bills and credit card debts. **Do not** include fees for professional services carried out **after** the death, such as solicitors' or estate agents' fees and valuation fees. But you should show the funeral expenses.

If there were any debts secured on or due to be paid out of joint assets, for example, a mortgage on a house or flat, include only the share of the debt owed by the person who has died.

**Who needs to sign the form?**

Everyone who is applying for the grant should sign the form.

**Now turn to page 14 of this booklet.**

**Part B Page 5 of IHT205**

**Question 2**

**Domicile & residence in the United Kingdom**

**Question 2a**

You must still answer 'Yes' to this question if the person who has died

- was born outside the United Kingdom, but
- their parents were British and had not settled permanently in the country where the person was born

You can answer 'No' to this question if the person who has died

- was born in the United Kingdom, but
- their parents were not British and had not settled permanently in the United Kingdom

**Question 2b**

You can answer 'No' to this question if the person who has died has only visited the United Kingdom occasionally, for example, on holiday or to visit relatives.

**Question 3**

**Assets held in trust**

We explain about assets held in trust at page 3 of this booklet. You must answer 'Yes' to this question if the person who has died had the right to benefit under a trust where the trustees were resident in the UK no matter what the value of the assets was.

**Question 4**

**Gifts**

You can answer 'No' to this question if all the gifts of UK assets were made more than 7 years before the person died.

**Now we give you help with specific assets**

**Items 5.2 & 5.3**

**Bank and building society accounts**

Please show the total figure for all the money in bank and building society accounts when the person died. The figure should include interest that was owed up to that date but was not actually paid into the account. You can get these figures from the bank, building, co-operative or friendly society or savings bank.

**Item 5.4**

You do not need to get a professional valuation, but please attach a copy if you have one. If not, please attach a list giving full details of the stocks, shares or investments belonging to the person who has died.

Please also give their price. You may be able to get this from a newspaper at your local library. You should show the value of the shares on the day the person died, - remember that a newspaper printed on the day the person died will have share prices for the day before.

If the person died on a day when the Stock Exchange was closed, you should take the price for either the next or last day when the Stock Exchange was open. For example, if the person died on a Sunday you can take the price for either the Monday after or the Friday before. Please say which day you have chosen.

To value stocks and shares, multiply the number of shares held by the price quoted.

For unit trusts, newspapers may show two prices. Take the lower of the two prices they show. If there was no price published on the day the person died, take the last price published before they died.

## Item 5.5

### Assets held as tenants in common

See page 4 of this booklet -'Joint assets'. If the person who has died owned either cash or investments quoted on the Stock Exchange as a tenant in common, include their share of the asset here.

**Add up items 5.1 - 5.5 and put the total in box A.**

## Item 6

### Joint assets

See page 4 of this booklet -'Joint assets'. If the person who has died owned either cash or investments quoted on the Stock Exchange as a joint asset, please give details of the asset, the share of person who died and include the value of their share here.

## Check

**Now add the value of item 6 to box A and write the total in box B. Is the total more than £100,000? If it is, do not fill in any more of this form, you must fill in form IHT200.**

## Item 7

### Debts

You should only include debts which the person who has died actually owed in the United Kingdom when they died. For example stockbroker fees. **Do not** include fees for professional services carried out **after** death, such as valuation fees.

If there were any debts secured on or due to be paid out of joint assets, include only the share of the person who has died.

### Who needs to sign the form

Everyone who is applying for the grant should sign the form.



**Which documents do I need to send?**

You need to send the original death certificate (or a copy certified by the registrar), the original will, and form PA1 and IHT 205.

**Where do I send the documents to?**

Please send the forms and documents to your local probate registry.

**What happens then?**

If your papers do not cause any problems, the probate registry will ask you to come for an interview. When they have looked at your form IHT 205, they will give it back to you. When you have paid the probate fees the probate registry will send you the grant.

**What happens after I get the grant?**

You can begin to deal with the estate by collecting the assets and paying the debts.

If you used form IHT 205 correctly, you should not need to fill in a full account. **But we still have the right to ask you to fill in an account of the estate within 35 days of the date of the grant. We do this for a small number of estates each year.**

**Automatic clearance**

After the probate registry gives the form IHT 205 back to you, **please keep it safe**. If we ask you for an account, send a copy of IHT 205 first. This may be all we need. If not, we may then ask for more information. Unless we ask for an account of the estate within 35 days of the date of the grant, you will not have to pay Inheritance Tax. This does not apply if there is anything you have not told us.

**We can help you**

We can help you with any questions you have about Inheritance Tax. You can phone us at the numbers shown on the inside front cover of this booklet.

**You can help us**

We want to make our forms and leaflets easy for our customers to use. Your comments can help us to do this. We would like you to tell us what you think of form 205 and this booklet. On the inside back cover, you will find a comments page. Please take a couple of minutes to fill it in. You can tear it off and either give it to the probate registry or send it to

Customer Service Manager  
Ferrers House, PO Box 38  
Castle Meadow Road  
Nottingham NG2 1BB.

## Data Protection Act

The Inland Revenue 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 as assigned by Parliament. The information we hold may be used for any of the Inland Revenue'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 accuracy of information
- prevent or detect crime
- protect public funds

We may check information we receive about you with what is already in our records. This can include information provided by you as well as others such as government departments and agencies and overseas tax authorities. We will not give information about you to anyone outside the Inland Revenue unless the law permits us to do so.

**On the next two pages we have shown an example of how you might fill in pages 3 and 4 of the IHT205. We hope that this will help you fill in your own form.**

6. Assets in the United Kingdom except for joint assets passing to the surviving joint owner.		Value in £s
6.1	Cash other than at bank .....	50
6.2	Money in bank accounts .....	550
6.3	Money in building societies, co-operative or friendly societies or savings banks including interest to the date of death .....	1050
6.4	Household and personal goods, for example, furniture, jewellery, car, stamp collections etc .....	750
6.5	Savings Certificates and other National Savings investments .....	150
6.6	Stocks and shares quoted on the Stock Exchange .....	1250
6.7	Stocks and shares not quoted on the Stock Exchange .....	0
6.8	Insurance policies including bonuses on 'with profits' policies and mortgage protection policies .....	50
6.9	Amounts which employers owe - including arrears of salary and pension payable to the estate .....	0
6.10	Partnership and business interests .....	0
6.11	Freehold and leasehold property in the sole name of the person who has died. (Address(es)) <input type="text"/>	0
6.12	Assets held as tenants in common .....	0
6.13	Any other assets not included above, for example, income tax repayment, debt or other amount owing to the person who has died .....	0
Total £		3850 A
6.14	Assets outside the United Kingdom (Value in sterling) .....	0
6.15	Nominated assets .....	0

**7. Joint assets passing automatically to the surviving joint owner**

Details of joint assets	<i>Freehold property, 10 Acacia Avenue, Anytown, Somewhere</i>	
Value of whole of joint assets £	50000	
Share of person who has died (eg half)	50%	Value of that share
		25000
Total gross estate (A + 6.14 + 6.15 + 7) = £		28850 B

8. Gifts of cash, or stocks and shares quoted on the Stock Exchange .....	450	
<i>Gift of 800 Abbey National shares to Miss A Smith, 21 December 1994. Worth £3450 minus £3000 annual exemption is £450</i>		
9. Value of assets held in trust .....	0	
<input type="text"/>		
Total for excepted estate (B + 8 + 9) = £		29300 C*

\* see the box on page 4 of this form

10. Debts

**Bills owing in the United Kingdom**

Funeral expenses .....	<b>1050</b>
Debts owed by the person who has died .....	<b>150</b>

Mortgage on a property in the name of the person who has died .....	<b>0</b>
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<b>Total debts owing in the UK</b>	<b>1200</b>	D
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Debts owing to persons outside the UK .....	<b>0</b>	P
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Debts secured on or payable out of joint assets ...	<b>0</b>	Q
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Total debts (D+P+Q) = £	<b>1200</b>	E
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Total net estate (C minus E) .....	<b>28100</b>	F
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Signature(s)	<p><b><i>P. Smith</i></b></p> <p><i>1 May 2000</i></p>
Date	

**\* If the figure at C is less than £240,000, you do not have to fill in an Account on form IHT 200. However, IR Capital Taxes has the right to call for an Account within 35 days of the grant. It calls for an Account in a small number of cases each year. The Probate Registry will return this form to you when they issue the grant of probate. Please keep this form safe so that if you do receive a request for an Account from Capital Taxes, you can send them a copy.**

Unless they make such a request within 35 days of the date of the grant, you have automatic clearance from Inheritance Tax as long as you have made a full disclosure of all relevant facts.

## You can help us

Please tick the statement or answer that you agree with.

1 How much of this booklet did you read?

- a) All of it
- b) Most of it
- c) Some of it
- d) Hardly any of it

If d), please go to question 3.

2 How easy was it to understand **this booklet (IHT206)**?

- a) I understood it easily.
- b) I understood most of it, but some of it could be clearer.
- c) It was hard to understand.
- d) I did not understand it.

If you ticked 2 b), please say which parts could be clearer. \_\_\_\_\_  
\_\_\_\_\_

3 How easy was it to fill in **the yellow form (IHT205)**?

- a) The form was easy to follow and I knew what I had to do.
- b) Most of the form was easy to follow but some parts could be clearer.
- c) It was hard to follow and I was not always sure what I had to do.
- d) I could not follow it without help.

If you ticked 3 b) or c), please say which parts could be easier to understand. \_\_\_\_\_  
\_\_\_\_\_

4 If you have any other comments or suggestions about the form or the booklet, please mention them here or over the page. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Thank you





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.

Published by the Inland Revenue Capital Taxes,  
Ferrers House, PO Box 38, Castle Meadow Road,  
Nottingham, NG2 1BB  
August 2003