



HM Revenue
& Customs

Election for Inheritance Tax to apply to previously owned asset

Website: www.gov.uk/inheritance-tax

Helpline: 0300 123 1072

IHT501

Introduction

What you can find in this guide

You should make an election using form IHT500 if:

- you are liable to pay Income Tax on the benefit you receive from enjoying property you previously owned
- the previously owned property is not part of your estate for Inheritance Tax purposes
- you want to elect for that property to form part of your estate for Inheritance Tax purposes and not to be liable for the Income Tax charge

You should check our guidance about pre-owned assets at www.gov.uk/government/publications/inheritance-tax-election-for-inheritance-tax-to-apply-to-asset-previously-owned-ih500 to help you decide whether you are liable to pay the Income Tax charge and are eligible to make an election. If you have any questions about Inheritance Tax and making an election using form IHT500, phone our Helpline on 0300 123 1072.

When the election must be made

- i** Website:
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You must make the election no later than 31 January in the year following the first year in which you are liable to pay the Income Tax charge. For example, if you are liable to pay Income Tax on the benefit you receive from the previously owned asset during the tax year 2006 to 2007, you have until 31 January 2008 to make the election. The election will then take effect from 2006 to 2007.

In certain circumstances an election made after that date may be accepted. The guidance on our website provides more information

Where to send the election

All elections relating to tax on previously owned assets must be sent to Inheritance Tax
 HM Revenue and Customs
 BX9 1HT
 United Kingdom

We recommend that you keep a copy of the form for your records. Your tax advisers and your executors or administrators will need to know that you have made the election when they deal with your tax affairs.

Filling in form IHT500

You should complete a separate form IHT500 for each previously owned asset. However, where a group of assets are subject to the same interest (for example, a collection of chattels or intangible property held on the same trusts) you may use one form for the assets. Please complete a separate form for the different types of property, that is land, chattels or intangible property.

About the person making the election

Please provide as much of the information in this section as you can.

We need the information to:

- confirm that you have made the election
- record the election so that we can link it to other information about your estate which you or your personal representatives subsequently provide
- contact you if we have any questions about the election

Note that it is the person who is liable to the Income Tax charge who must make the election. Where people jointly own property subject to the Income Tax charge they must each make a separate election.

About the property subject to the election

Tick the appropriate box to identify whether the property is land, chattel or intangible property. Complete a separate form for each category of property.

Description of the property

Please provide a description of the property that will allow it to be uniquely identified.

For an **interest in land**, enter the full postal address or provide a full description. If it is appropriate you may attach a plan of the land. Please make sure that you include the postcode.

For a **chattel**, provide a description of the item. Include information such as artist, author or maker, size and date. You may provide a colour photograph of the item. Make a note on the reverse of any photograph which item it relates to.

For **intangible property**, include information to identify the asset, for example policy number and name of the policy provider.

If there is insufficient space to describe the property attach a separate sheet. Please make sure that all attachments, plans or photographs are marked with your name and address and either your date of birth, Unique Taxpayer Reference (UTR) or National Insurance number.

The legal owners of the property

Enter here the names and addresses of the current legal owners of the property. For example, where property is held in a trust you should enter the names and addresses of the trustees.

Nature and extent of your interest in the property

Enter here how much of the property you have an interest in, for example the whole or a half share.

Enter also how you are entitled to that interest. For example, if you are the life tenant of a trust which holds the property, provide details of who made the trust and when. Do not provide copies of any trust documents at this stage. We will ask you for documentation if we need to see it.

Names of anyone else who receives a benefit from the property

If someone else, for example your spouse, civil partner or a relative, also benefits from the property provide their name and address and enter the nature and extent of their interest.

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Details of disposals and contributions

Enter here the dates and extent of the disposals and contributions which gave rise to the Income Tax charge on the previously owned asset.

The guidance on our website provides more detailed information about disposals and contributions.

Whether the property is conditionally exempt from Inheritance Tax or Capital Gains Tax on an earlier event

If the property subject to the election has been granted conditional exemption for Inheritance Tax or Capital Gains Tax purposes, provide details of the event for which the exemption was granted including the name and date of death of the deceased and the Inheritance Tax or other tax reference if known.

If the property is subject to an ongoing claim for conditional exemption provide details and any Inheritance Tax reference.

The election

The form must be signed and dated by the person making the election. If the person making the election is unable to act for themselves and is acting through an attorney under authority of a General or Enduring Power of Attorney, the attorney may sign on their behalf. However, they must indicate on the form that they sign in that capacity.

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Year of assessment from which the election applies

Enter the Income Tax year of assessment from which the election applies.

Withdrawing an election

If you have made an election but want to withdraw it, you may do so but you must do it on or before the appropriate 31 January deadline. There is no form for withdrawing the election. You will need to write to the same address where you sent the election form saying that you wish to withdraw the election.

Please make sure that you enter your name and address and either your date of birth, Unique Taxpayer Reference (UTR) or National Insurance number and the description of the property to which the election relates to. If you have a copy of the original form of election, it may help if you send a copy with your letter of withdrawal.

The law about the charge to Income Tax on benefits received by a former owner of property is contained in Schedule 15 to the Finance Act 2004. The law about elections is in paragraphs 21 to 23 of Schedule 15.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

HMRC Customer Services Group
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