



## When to use these notes

Only use these notes if the person died on or before 5 April 2002.

You will need to fill in a full Inheritance Tax account instead of form IHT205 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)
- their share of any assets held with someone else
- any assets held in trust in which they had a right to benefit
- gifts made in the 7 years before they died

is more than £210,000.

You can get a full Inheritance Tax account on form IHT400 from us. You can get form IHT400 by phoning the Inheritance Tax Helpline on 0300 123 1072 (+44 300 123 1072). You should receive the forms within 5 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.

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

Before you start to fill in IHT205, you may like to look at the example shown on page 6 and 7 of these notes. This shows you what the completed form may look like.

These notes are 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 the IHT Helpline.

## Help

For more information, go to [www.gov.uk/inheritance-tax](http://www.gov.uk/inheritance-tax) or you can phone the Inheritance Tax Helpline on 0300 123 1072.

If you're calling from outside of the United Kingdom (UK) phone +44 300 123 1072.

If you need a copy of any of our forms or leaflets you can download them from [www.gov.uk/government/collections/inheritance-tax-forms](http://www.gov.uk/government/collections/inheritance-tax-forms) or phone the Inheritance Tax Helpline to order them.

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## Questions

### 1 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 select the box for the country where the person who has died had made their permanent home.

If you selected 'Other' do not fill in any more of the form. Instead you will need to fill in a full Inheritance Tax Account on form IHT400.

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

### 2 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.

#### 2a Gifts

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 UK, 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
  - £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
- shares quoted on the stock exchange

and the total value of these gifts was not more than £75,000. But you must still show the total of these gifts at item 8 on form IHT205.

## 2b Gifts

Relative here includes:

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

## 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. For information about excepted estates specified transfers refer to HMRC Inheritance Tax Manual IHTM06018, go to [www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm06018](http://www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm06018)

Before 6 April 1996, specified transfers were not recognised; therefore all chargeable lifetime transfers within 7 years of death had to be reported in full, regardless of the type or value.

## 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.

If the person who has died received, under a trust:

- 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
- have the right to live in a house and use the contents without paying rent

If the person who has died could not deal with the assets as if they were their own, you must answer 'Yes' to this question. If you answer 'Yes' you must fill in form IHT400.

If the person who has died had the right to benefit under a 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 form IHT205.

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

## 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, do not fill in the rest of the form. You will need to get form IHT400 from us. For information about excepted estate maximum values for deaths on or before 5 April 1998, refer to HMRC Inheritance Tax Manual IHTM0601, go to [www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm06017](http://www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm06017)

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## 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
- 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 16, do not include the whole value of the asset.

But if the person who has died provided all the money in a joint account, show the whole amount in, for example, items 2 or 3.

If the person who has died:

- held an asset with someone else
- 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 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 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 pound.

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

## Help with specific assets

### Items 6.2 and 6.3 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 societies, 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 using the NS&I 904 Death claim form, go to [www.nsandi.com/help/manage-money-for-others/customers-who-have-died](http://www.nsandi.com/help/manage-money-for-others/customers-who-have-died)

Use Computer Share Investor Services to check the value of British Government stock (gilts) held on the Bank of England register, go to [www.computershare.com/uk/gilts](http://www.computershare.com/uk/gilts)

Computershare Investor Services manages the register, provides guidance on valuations, estate claims and contact details.

### 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.

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.

For unit trusts, newspapers may show 2 prices. Take the lower of the 2 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 2 of these Notes - '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.

## Item 6.14 Assets outside the UK

Include here everything outside the UK 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 is more than £50,000, you must fill in form IHT400 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 UK.

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 2 of these Notes, '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.

## 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 in 2a of these Notes, which were made in the 7 years before the person died.

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## Check

Now add up all the items 6 to 8.

Put the total in box C. Is the total more than £210,000?

If it is, do not fill in any more of this form. You must fill in form IHT400.

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### Item 9 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.

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## Check

### Which documents do I need to send

Please enclose the original death certificate (or a copy certified by the registrar), the original will, PA1 and IHT205. Please send the forms and documents to your local probate registry.

### 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 IHT205 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 IHT205 back to you, please keep it safe. If we ask you for an account, send a copy of IHT205 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 page 1 of these notes.

### How we use your information

HMRC is a Data Controller under the Data Protection Act 2018. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits, to:

- check the accuracy of information
- prevent or detect crime
- 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 by others, such as other government departments or agencies and overseas tax and customs authorities. We'll not give information to anyone outside HMRC unless the law permits us to do so.

For more information go to [www.gov.uk/government/publications/hmrc-charter](http://www.gov.uk/government/publications/hmrc-charter)

Example of filling in form IHT205

**6. Assets in the UK except for joint assets passing to the surviving joint owner**

6.1 Cash other than at bank	£	<b>50</b>
6.2 Money in bank accounts	£	<b>550</b>
6.3 Money in building societies, co-operative or friendly societies or savings banks (including interest to the date of death)	£	<b>1050</b>
6.4 Household and personal goods, for example, furniture, jewellery, car, stamp collections	£	<b>750</b>
6.5 Savings certificates and other National Savings investments	£	<b>150</b>
6.6 Stocks and shares quoted on the Stock Exchange	£	<b>1250</b>
6.7 Stocks and shares not quoted on the Stock Exchange	£	<b>0</b>
6.8 Insurance policies including bonuses on 'with profits' policies and mortgage protection policies	£	<b>50</b>
6.9 Amounts which employers owe (including arrears of salary and pension payable to the estate)	£	<b>0</b>
6.10 Partnership and business interests	£	<b>0</b>
6.11 Value of the freehold and leasehold property in the sole name of the person who has died and give the full address of each property at the date of death below	£	<b>0</b>

6.12 Assets held as tenants in common	£	<b>0</b>
6.13 Any other assets not included above, for example, Income Tax repayment, debt or other amount owing to the person who has died	£	<b>0</b>
Total	<b>A</b>	£ <b>3850</b>
6.14 Assets outside the UK (value in sterling)	£	<b>0</b>
6.15 Nominated assets	£	<b>0</b>

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

Details of the joint assets

Value of whole of joint assets	£	<b>50000</b>
Share of person who has died (in words), for example 'half'		<b>50%</b>
Value of that share	£	<b>25000</b>
Total gross estate (box A + 6.14 + 6.15 + 7)	<b>B</b>	£ <b>28850</b>

**8. Gifts of cash, or stocks and shares quoted on the Stock Exchange**

Details of the gifts

**Gift of 800 Abbey National shares to Miss A Smith, 21 December 1994.**  
**Worth £3450 minus £3000 annual exemption is £450**

	£	<b>450</b>
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**9. Value of assets held in trust**

Details of the assets

	£	<b>0</b>
Total for excepted estate (box B + 8 + 9) *	<b>C</b>	£ <b>29300</b>

Example of filling in form IHT205 continued

10. Debts	
<b>Bills owing in the UK</b>	
Funeral expenses	£ 1050
Debts owed by the person who has died	£ 150
Mortgage on a property in the name of the person who has died	£ 0
<b>Total debts owing in the UK</b>	<b>D</b> £ 1200
<b>Debts owing to persons outside the UK</b>	<b>P</b> £ 0
<b>Debts secured on or payable out of joint assets</b>	<b>Q</b> £ 0
<b>Total debts (boxes D + P + Q)</b>	<b>E</b> £ 1200
<b>Total net estate (box C minus box E)</b>	<b>F</b> £ 28100
<b>Signature(s)</b>	
P Smith	
<b>Date</b> DD MM YYYY	
11 12 2000	
* If the figure at box C is less than £220,000, you do not need to fill in full account of form IHT400.	
The Probate Registry will keep form IHT205 and send it to HMRC.	
HMRC will review form IHT205 and contact you within 35 days if more information is needed. If you don't hear from them within that period, you will not have to pay inheritance tax, unless you missed out any information. Keep a copy of form IHT205 or notes about its contents.	