

## Inheritance Tax

	2008/09	2007/08
<b>Standard threshold</b>	£312,000	£300,000
<b>Combined threshold maximum for married couples and civil partners</b>	£624,000	£600,000
<b>Rate of tax on balance:</b>		
Chargeable lifetime transfers	20%	20%
Transfers on, or within 7 years of, death	40%	40%

All lifetime transfers not covered by exemptions and made within seven years of death will be added back into the estate for the purpose of calculating the tax payable. Tax attributable to such transfers is then reduced:

Years before death	0-3	3-4	4-5	5-6	6-7
<b>Tax reduced by</b>	0%	20%	40%	60%	80%

### Main Reliefs

#### Business property:

- business or interest therein	100%
- qualifying shareholdings in unquoted* companies	100%
- land, buildings, machinery, or plant used by transferor's controlled company or partnership	50%

#### Agricultural property

50% or 100%

\*Unquoted companies include those listed on AIM

### Main exemptions

1. Most transfers between spouses and civil partners.
2. The first £3,000 of lifetime transfers in any tax year plus any unused balance from previous year.
3. Gifts of up to but not exceeding £250p.a to any number of persons.
4. Gifts in consideration of marriage or civil partnership of: up to £5,000 by a parent, up to £2,500 by a grandparent, or up to £1,000 by any other person.
5. Gifts made out of income that form part of normal expenditure and do not reduce the standard of living.
6. Gifts to charities, whether made during lifetime or on death.

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