

# INHERITANCE TAX

## Double the nil-rate band and save up to £130,000 inheritance tax

The 2007 change in the inheritance tax (IHT) rules allows people to claim their deceased spouses' transferable nil-rate band (NRB). It is common for people to leave all their assets to their spouse or civil partner when they die. This used to mean that any unused part of their NRB was lost. The NRB allows the first part of an estate, currently £325,000, to be free of IHT.

Since the law changed in October 2007, any part of the NRB not used at the first spouse's death (even if they died before October 2007) can be added to the surviving spouse's own NRB. When the surviving spouse dies, it is up to their executors to claim any unused portion of the transferable NRB from the first spouse, plus the full NRB of the second one.

HM Revenue & Customs (HMRC) has stated that up to 80% of estates fail to provide the evidence needed to support their claim. Some estates fail to even make a claim thus pay more tax. The Revenue has also said that it will not process any claim until it receives the necessary documents. The Probate Office will not issue a grant of probate until clearance from HMRC is received, so delays the application.

Anyone whose spouse has died and is not sure whether their spouse had any unused transferable NRB to transfer may wish to take action now to avoid important information and documents being lost.

An unused transferable NRB can currently save up to £130,000 (40% of £325,000) tax on the second death transferred to a surviving spouse. To ensure that this is achieved without any problems, contact us early to review your Will arrangements.

Here at Foster Harrington we can give you all the help and advice you need. Please contact:

**Avril Turner  
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