



## INHERITANCE TAX RATES AND EXEMPTIONS

### Rates

	Transfers on death	Lifetime transfers
	Gross rate of tax	
Gross cumulative transfers	%	%
On or after 6 April 2001		
£1 to £242,000	Nil	Nil
Over £242,001	40	20
From 6 April 2000 to 5 April 2001		
£1 to £234,000	Nil	Nil
Over £234,001	40	20

### Note

A taxpayer's estate on death is taxed as the top slice of cumulative transfers in the seven years before death. Most lifetime transfers (other than to discretionary trusts) are potentially exempt (PETs), which only become chargeable where death occurs within seven years.

### Exemptions

	£
Annual	3,000
Small gift	250

### Note

An annual exemption that is unused in one tax year may be used in the following tax year once that year's has been utilised.

### Taper Relief

A lifetime transfer of value made within seven years of death is chargeable to Inheritance Tax, but the tax is tapered as follows:

Years between gift and death	% of full charge
0 to 3	100
3 to 4	80
4 to 5	60
5 to 6	40
6 to 7	20

Contact Alan Collett at Collett & Co., Chartered Accountants on [alan@collettandco.com](mailto:alan@collettandco.com) for details of Business Property Relief, Agricultural Property Relief, and Quick Succession Relief, and Exemptions for Gifts in Consideration of Marriage.