



Tax rates and allowances 2018-19

Inheritance Tax

Inheritance tax threshold

	2018-19		2017-18	
	Threshold Amount	Rate %	Threshold Amount	Rate %
Death Rate	Up to £325,000	Nil	Up to £325,000	Nil
	Over £325,000	40%	Over £325,000	40%
Lifetime Rate	Up to £325,000	Nil	Up to £325,000	Nil
	Over £325,000	20%	Over £325,000	20%

Notes

1. Unused nil rate band is transferable to spouse or civil partner.
2. 40% Band rate is reduced to 36% where 10% or more of the net estate is left to charity.
3. Chargeable lifetime transfers are initially charged at 20%.

Additional Main Residence Inheritance Tax Threshold

(Introduced in 2017-18)

	2018-19	2017-18
Death Rate	£125,000	£100,000

Notes

1. The main residence band was introduced on the 6th April 2017.
2. It is only valid on the main residence and where the recipient of the home is a direct descendent (Children, Step Children, Grandchildren).
3. This additional allowance increases the threshold to £425,000 and £850,000 for couples.
4. On properties valued between £1M and £2M inheritance tax will be paid as normal on the amount above the tax-free amount.
5. For properties valued more than £2M for every £2 above £2M you will lose £1 of the main residence allowance.



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Reliefs

		2018-19	2017-18
Annual exemption		£3,000	£3,000
Small gifts		£250	£250
Marriage	Parent	£5,000	£5,000
	Grandparent	£2,500	£2,500
	Bride / Groom	£2,500	£2,500
	Other	£1,000	£1,000

Reduced charge on gifts within seven years of death

Years before death	% of death charge
0-3	100%
3-4	80%
4-5	60%
5-6	40%
6-7	20%