

Rates of inheritance tax

Rate

Since its introduction on 15 March 1988, inheritance tax on death is taxed at 40% on the taxable value of the estate that exceeds the exemption. Lifetime transfers are taxed at 20%

From 6 April 2012, there is a proposed 36% rate for estates where 10% has been donated to charity.

Nil rate band

Tax year(s)	Exemption
2011/12 ¹	£325,000
2010/11	£325,000
2009/10	£325,000
2008/09	£312,000
2007/08	£300,000
2006/07	£285,000
2005/06	£275,000
2004/05	£263,000
2003/04	£255,000
2002/03	£250,000
2001/02	£242,000
2000/01	£234,000
1999/2000	£231,000
1998/99	£223,000
1997/98	£215,000
1996/97	£200,000
1995/96	£154,000
1992/93 - 94/95	£150,000
1991/92	£140,000
1990/91	£128,000
1989/90	£118,000
15 Mar 1988/89	£110,000

¹ The government has announced that this exemption is frozen until 2014.

Nil rate band for capital transfer tax and estate duty.

These figures may still be needed to calculate the amount of nil rate band transferred on the death of a spouse. The figures before 13 March 1975 relate to estate duty

From	Nil rate band
6 April 1987	£90,000
18 March 1986	£71,000
6 April 1985	£67,000
13 March 1984	£64,000
15 March 1983	£60,000
9 March 1982	£55,000
26 March 1980	£50,000
27 October 1977	£25,000
13 March 1975	£15,000
22 March 1972	£15,000
31 March 1971	£12,500
16 April 1969	£10,000
4 April 1963	£5,000
9 April 1962	£4,000
30 July 1954	£3,000
10 April 1946	£2,000
16 August 1914	£100
Previously	nil

Other allowances

Except as indicated, these allowances and reliefs have applied since inheritance tax was introduced.

Annual exemption for gifts:

From 6 April 1981: £3,000

Previously: £2,000

Gifts in consideration of marriage or civil partnership:

Parent: £5,000

Remoter ancestor: £2,500

Party to marriage: £2,500

Any other person £1,000

Non-domiciled husband, wife or civil partner:

From 9 March 1982: £55,000

Small gifts annual exemption per donee:

From 6 April 1980: £250

Previously: £100

Business property relief

	From 10 March 1982	Previously
Business or interest in a business	100%	50%
Controlling shareholding in quoted company	50%	50%
Controlling shareholding in unquoted company	100%	50%
Shareholding above 25% in unquoted company	100%	50%
Shareholding of 25% or less in unquoted company	100% ¹	30%
Land, buildings, plant and machinery	50%	30%

¹ The 100% rate applies only from 6 April 1996. Previously it was 50%.

Agricultural property relief

	From 10 March 1982	Previously
Vacant possession (or right within 12 months)	100%	50%
Other circumstances	50%	30%

Quick succession relief

Number of whole years from previous death	Percentage relief on tax
4	20%
3	40%
2	60%
1	80%
0	100%

Taper relief

Relief from tax where gift made within the seven years before death.

Number of whole years between gift and death	Percentage relief on tax
6	20%
5	40%
4	60%
3	80%
less than 3	100%