



TRANSFERABLE NIL RATE BAND

BASIC INFORMATION

Some Good News!! The Chancellor announced on 9th October 2007 that any unused Inheritance Tax Nil Rate Band (NRB) on the death of a spouse or civil partner can be claimed on the death of the second spouse/civil partner in addition to the second spouse's NRB.

The NRB this year is £325,000. If a surviving spouse dies this year, they have a NRB of £325,000 and their Executors can claim the unused portion of the NRB from the estate of the first spouse. This could give a total NRB on the second death of £650,000. This is a doubling of the Inheritance Tax saving.

HOW DOES IT WORK?

1. The Executors of the second spouse/civil partner must make a claim for the unused portion to be transferred. It does not happen automatically.
2. The Transferable NRB rules apply even though the first spouse/civil partner may have died many years ago.
3. It also applies even though the first spouse had very few or no assets.

IMPORTANT POINTS

If you have NRB Discretionary Trusts in your Wills, **you will not be able to claim the Transferable NRB**. Now is the time to review your Wills. However, there are advantages (other than tax planning) in putting the NRB into a Trust. Please see our leaflet Transferable Nil Rate Band – Information for Clients who have made Tax Planning Wills.

If you have made Wills leaving everything to the surviving spouse/civil partner, then the survivor's Executor will be able to claim the Transferable NRB.

If you have not made Wills, please see our leaflet The Importance of Making a Will.

RECORD KEEPING

It is important to keep good records on the death of the first spouse/civil partner as these will be needed by the Executor on the second death. The information/documents required include:

Death certificate of first to die
marriage certificate
Copy grant of probate of first to die
Copy of Will of first to die
Deed of Variation (if appropriate)
National Insurance number of first to die
Any Potentially Exempt Transfers (large gifts) made by first to die
NRB applicable on first death and amount available to be claimed
Legacies and assets passing under Will and their value (other than those to surviving spouse)

HOW WE CAN HELP YOU

At Stone Rowe Brewer we will be pleased to advise you on all aspects of Inheritance Tax. We will be pleased to prepare a Transferable NRB Report and Pack containing all the necessary information which will be needed. We can also store this for you if you wish.

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