



INHERITANCE TAX

Presentation for York Residential Landlords Association Limited
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Speakers



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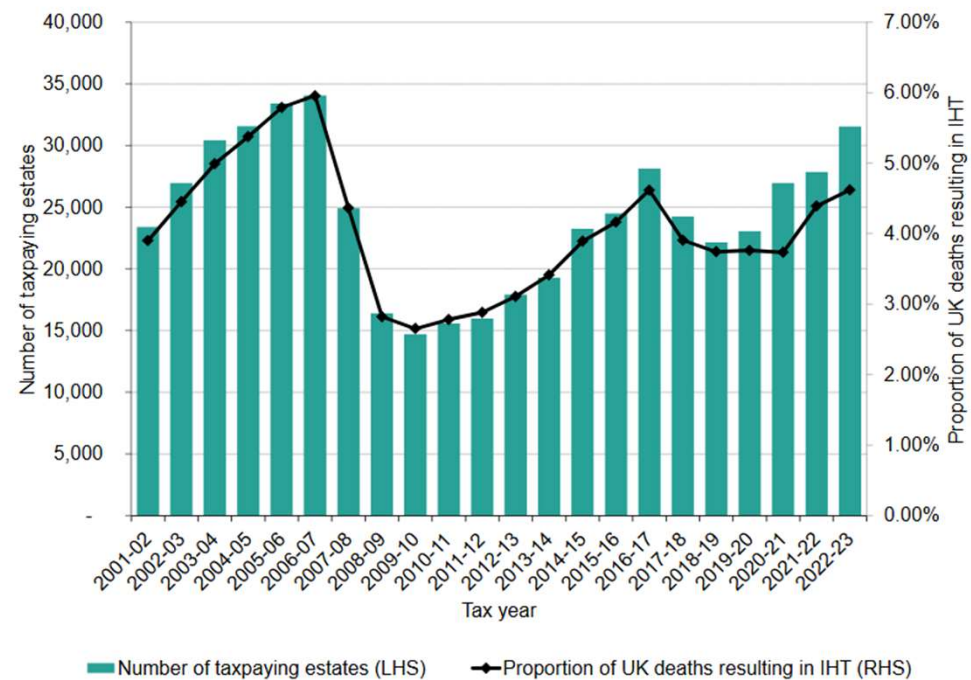
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Overview of today's presentation

- What is Inheritance Tax?
- Business Relief
- Valuations of rental properties
- Limited companies
- Trusts
- Gifting
- Planning strategies

Figure 2: Number and proportion of deaths resulting in an IHT charge



What is Inheritance Tax?

2025/2026

- Ordinary **Nil-Rate Band**: Individuals each have an allowance of £325,000 on which IHT is charged at 0%.
- **Residence Nil-Rate Band**: Individuals who leave a qualifying residential property to their descendants on death (children, grandchildren, stepchildren) have an additional £175,000
- **Married couples and civil partners**: gifts to spouses and civil partners are free of Inheritance Tax, and the above thresholds can be shared so that can mean up to £1,000,000 free of Inheritance Tax

	<u>Anne</u>	<u>Brian</u>	
Nil-Rate Band	£325,000.00	£325,000.00	
Residence Nil-Rate Band	£175,000.00	£175,000.00	
	£500,000.00	£500,000.00	£1,000,000

What is Inheritance Tax?



Business Relief

Overview

Business Relief reduces the value of a business or its assets when working out how much [Inheritance Tax](#) has to be paid.

Any ownership of a business, or share of a business, is included in the estate for Inheritance Tax purposes.

You can [get Business Relief of either 100% or 50%](#) on some of an estate's business assets, which can be passed on:

- [while the owner is still alive](#)
- as part of the will

Business Relief



Business Relief



Residence Nil-Rate Band

Valuations of rental properties

IHTM09704 - Valuation: main features of a sale in the 'open market'

For a sale to take place on the hypothetical open market we assume that the sale is not sudden or forced and that there is

- a willing seller – this means someone who is neither in a rush, nor reluctant, to sell but someone who is prepared to sell if offered a reasonable price, and
- a willing buyer – this means a prudent person who has the will and money to buy but again is not anxious, nor unduly reluctant, to purchase.

Valuations of rental properties

- Tenancy type
- Rental yield
- Condition of the property
- Local market conditions

Limited companies



Companies House

Trusts



Family Investment Companies

- Private company – essentially a corporate wrapper
- Parent keep voting shares
- Children receive non-voting shares
- Can protect growth
- Tax consequences for transferring property
- Tax advice needed at outset

Gifting

Rules on giving gifts

Inheritance Tax may have to be paid after your death on some gifts you've given.

Gifts given less than 7 years before you die may be taxed depending on:

- who you give the gift to and their relationship to you
- the value of the gift
- when the gift was given

You can get [professional advice from a solicitor](#) or [a tax adviser](#) about what you can give away tax free during your lifetime.

- 7 year rule
- Capital Gains Tax
- Rental income and Gifts with Reservation of Benefit
- Smaller exemptions

Planning strategies

- Spouse and civil partner exemption
- Charitable giving
- Pensions
- Valuations
- Wills
- Gifting
- Keep thorough records
- Consider where the tax can be paid from

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Thank you for listening!

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