



**Royal Star
& Garter**

Care with courage

Inheritance tax

A gift to charity can help to reduce the amount of inheritance tax your estate may have to pay.

Position for individuals

The current tax-free threshold for inheritance tax is £325,000. This is also known as the 'nil rate band'.

If your net estate is worth less than £325,000, no inheritance tax will be payable.

Any amount over the tax-free threshold is taxed at 40% unless you leave more than 10% of your estate to charity (see below). This means that your family and friends will only keep £6,000 out of every extra £10,000 that you leave over £325,000.

Position for married couples and civil partners

You can pass on your entire estate to your spouse or civil partner without paying any inheritance tax.

Spouses and civil partners can share their nil rate bands so that the surviving party **can leave gifts worth up to £650,000** (depending on whether the first to die left any gifts to family and friends) before inheritance tax is payable.

Gifts to charity

Gifts to charities, such as Royal Star & Garter, are exempt from inheritance tax, so charitable gifts will be deducted from your estate before any inheritance tax liability is calculated. As a result, many people can make a gift to a charity they care about without it significantly affecting the value of what they leave to their family and loved ones.

If you leave 10% or more of your estate to charity, your estate will also benefit from a reduced rate of inheritance tax at 36%. This means that, if you were intending to leave between around 6% and 9.99% of your estate to charity, your family and loved ones will actually be better off if you top up the gift to charity to 10% of your estate.

For more information on inheritance tax visit <http://www.hmrc.gov.uk/inheritancetax>

Seek professional advice

There are other issues which could affect your inheritance tax liability, so we would recommend that you seek advice from a solicitor, accountant or financial adviser about your particular circumstances.