

Simpler Inheritance Tax reporting for some estates



For deaths on or after 1 January 2022, reporting requirements will be reduced for non-taxpaying estates (known as “excepted estates”). The aim is to reduce the administrative burdens for those dealing with inheritance tax (IHT).

What is an excepted estate?

There are currently three categories of excepted estates:

1. Low value excepted estates below the nil rate band of £325,000
2. Exempt excepted estates where the gross estate is below £1m and there is no IHT to pay due to spouse or charity exemption
3. Foreign domiciled excepted estates

Currently estates that meet the qualifying criteria are not required to submit a full IHT account in order to obtain probate. Instead a specific short IHT form is submitted to the Probate Registry at the time of applying for a probate.

What is changing?

It will no longer be necessary to complete the short IHT form. Instead, the Personal Representatives will be required to make declarations to confirm the value of the estate for probate and IHT purposes.

Additionally, the qualifying criteria will be extended. The most significant change is for exempt excepted estates



(see 2 above) for which the gross estate threshold will increase from £1 million to £3 million.

The limits on foreign assets, interests in trusts and lifetime gifts are also increasing.

What about the transferable nil rate band (TNRB)?

Currently, an estate claiming a TNRB from the earlier death of a spouse or civil partner can only qualify as an excepted estate if there is a full TNRB available.

The regulations have been amended so that estates where some of the nil rate band was used by an earlier death may still qualify as an excepted estate if all other qualifying criteria are met.

What does this mean for me?

Arguably this will be welcome news for many and will simplify the probate process, particularly for low value estates and on “first” death of a couple where spouse exemption applies.

However, despite the simplification and reduction in reporting, the lack of information required to be presented on the ‘first death’ may make it harder when handling the estate of the second of a couple to die. Record keeping is therefore important.

Tax planning opportunities and additional tax exemptions or reliefs may also be overlooked if professional advice is not taken at an early stage.

How we can help

To discuss the administration of an estate or for any questions you have in relation to the probate process, please contact a member of our [Probate team](#).



[Claire Tyrrell](#)

Probate Manager (Legal Director)