

Legacy Factsheet 3 Inheritance Tax

- Many people do not realise that when their assets are added together the total value of their estate may exceed the Inheritance Tax threshold value of £312,000
- Inheritance tax is charged on estates worth over £312,000 (from 6th April 2008), with tax charged at 40% on the amount over that sum.
- However, donations to charity are exempt from this tax. In fact a carefully prepared will can significantly reduce the Inheritance Tax levied on an estate. Therefore, not only does leaving a gift to SIA ensure the continuance of valuable support and services to SCI people of the future, but also reduces the amount of tax which would otherwise go to the Inland Revenue.
- **An example of how leaving a gift to SIA could reduce the impact of inheritance tax:**

If your estate was worth £320,000 and you left a gift of £8,000 to SIA, you would pay no Inheritance Tax as the remaining estate value would be under the threshold limit.

Without a gift to SIA you would be liable to pay £3,200 of Inheritance Tax on the £8,000 which falls above the £312,000 band threshold.

- Your solicitor will be able to show you how you can lower the Inheritance Tax that will apply to your estate and help you with all the relevant issues.
- There are various rules applied to taxation which are dependant on the wording of your will. SIA recommends that you discuss your individual financial and legal situation with your solicitor.
- For solicitors who offer free simple will writing services for SIA members and their partners, please see Legacy Factsheet 5.