

# Deloitte. Office of Tax Simplification (OTS): Inheritance Tax (IHT) review

On 5 July 2019 the Office of Tax Simplification published a report recommending reforms to IHT. The government decides whether to implement any, all or none of the OTS' recommendations. The key recommendations are summarised below. Further detail is available in Deloitte's client briefing note - <https://deloi.tt/2LENUfX>

## Lifetime gifts

Reduce 7 year window to 5 years



Abolish IHT taper and 14 year rule

Increase small gifts exemption to c.£1,000 in line with inflation



**Single annual gifts allowance to replace existing exemptions, including annual exemption and possibly normal expenditure out of income exemption.**

## Reform



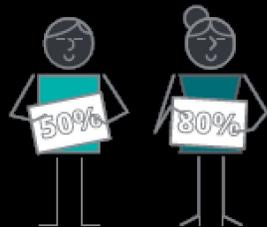
Remove CGT uplift on death if an IHT relief or exemption applies?

Review and possibly abolish pre-owned assets tax



Consider making death benefit payments under term insurance policies exempt, whether or not written in trust.

## Business and Agricultural Property Reliefs (BPR and APR)



Align BPR business test (50%) and entrepreneurs' relief trading test (80%)

Review:

- Whether BPR relief on AIM shares is consistent with policy intent;
- BPR position of companies that hold minority shares in trading companies, and;
- BPR position of Limited Liability Partnerships that own trading companies.



Review APR eligibility of farmhouses when farmers go into care/are ill

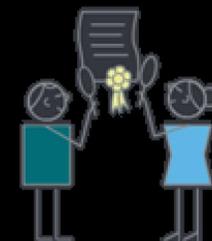


## More time needed



The residence nil rate band and 36% IHT rate when  $\geq 10\%$  of an estate is left to charity are complicated, but more time is needed before the effectiveness of these matters can be assessed.

HMRC are currently reviewing responses to a consultation on all aspects of trust taxation, so the OTS have not made any recommendations at this time.





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