How to fill in form IHT100WS

This guide has step by step instructions to help you work out the tax that is due. It will help you to fill in form **IHT100WS**.

You do not have to work out the tax. You can send form **IHT100** and the other papers that go with it to us and we will do the calculation for you.

We tell you which office you should contact on page 23 of the guide *"How to fill in form IHT100"*.

IHT113

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| **How to use the worksheet** | ▸ | The worksheet (form **IHT100WS**) is designed to enable the tax arising in a number of different situations to be calculated. It is divided into four parts, A, B, C and D. |

Part A ▸ Use part **A** if you are working out the tax on

- a lifetime gift or other transfer of value or
- the ending of an interest in possession during the life of the life tenant.

If you are telling us about the ending of an interest in possession on the death of a life tenant do not work out the tax. We will do it for you.

Part B ▸ Use part **B** if you are working out the tax on a

- principal charge arising on the ten-year anniversary of a discretionary trust.
- proportionate charge arising when relevant property ceases to be held on discretionary trusts.

Part C ▸ Use part **C** if you are working out the tax on assets ceasing to be held on special trusts. We refer to this as a flat rate charge.

Part D ▸ Use part **D** if you are working out the tax arising where a conditional exemption comes to an end or where trees or underwood have been sold. We refer to this as a recapture charge.

Most of the figures used in the **IHT100WS** will come from the form **IHT100**, the event forms **IHT100a** to **IHT100f** and the supplementary pages. The notes on how to fill in form **IHT100WS** will tell you where to find these figures. If these notes ask you to enter a figure from a part of the **IHT100** or supplementary pages that you have not filled in, leave that box blank.

Key steps in working out the tax that is due

1 **Work out the amount on which the tax arises.**

Lots of different assets may be included in a chargeable event. You may have filled in sections E and F of form IHT100, an event form and some of the supplementary pages. It does not matter how many different assets there are. Inheritance tax is charged on the sum of all of those assets. Where necessary the tax bill is divided between the amount which cannot be paid by instalments and the amount which can be paid by instalments.

2 **Work out the rate of tax.**

This applies when you are calculating the tax on a principal or proportionate charge. The rate is based on an imaginary transfer. It is then applied to the actual amount on which the tax arises.

3 **Work out the tax that is due.**

4 **Take away any relief for successive charges.**

We tell you how to work out this relief on page **25** of this guide.

How to fill in form IHT100WS	▶	Follow the instructions below to copy figures from form **IHT100**, the event form and supplementary pages to form **IHT100WS**. When you have worked out the tax and any interest that is due, follow the instructions on the worksheet to copy figures back to sections G and H of the **IHT100**.

The value for the assets being taxed should be rounded down to the nearest pound. The figures for tax and interest must include pence.

If you have filled in more than one supplementary page for the same type of assets, add the totals from each page together and include the result in the **IHT100WS**.

How to fill in part A

WSA1 If you have filled in event form **IHT100a** copy the figure from box 2.4 on that form.

Gifts and other transfers of value

▶ If you have filled in event form **IHT100b** copy the figure from box 2.4 on that form.

Ending of an interest in possession

WSA2 Copy the figure from box E19 on form **IHT100**.

WSA3 If you have filled in form **D39** copy the figure from box FP7.

WSA4 Add together boxes WSA2 and WSA3 and write the total in this box.

WSA5 Copy the figure from box F17 on form **IHT100**.

WSA6 If you have filled in form **D39** copy the figure from box FP12.

WSA7 Add together boxes WSA5 and WSA6 and write the total in this box.

WSA8 Add together boxes WSA4 and WSA7 and write the total in this box.

WSA9 Copy the figure from box F18 on form **IHT100**.

WSA10 Deduct box WSA9 from box WSA8 and write the result in this box.

Instalments

▶ If any of the tax is payable by instalments boxes WSA13 and WSA14 should be filled in. If none of the tax is being paid by instalments go to box TX1 on page **2** of form **IHT100WS**.

If any of the tax is payable by instalments, you should now apportion the annual exemption. Apportion it between the assets on which tax may not be paid by instalments and the assets on which it may be paid by instalments.

WSA11 Use the sum

$$\frac{WSA9 \quad X \quad WSA4}{WSA8}$$

to work out the proportion of the annual exemption that may be deducted from the value of the assets on which tax may not be paid by instalments.

Write the result in box WSA11.

www.hmrc.gov.uk/cto   Helpline 0845 30 20 900

WSA12 Use the sum $\dfrac{\text{WSA9} \quad \text{x} \quad \text{WSA7}}{\text{WSA8}}$

to work out the proportion of the annual exemption that may be deducted from the value of the assets on which the tax may be paid by instalments.

Write the result in box WSA12.

TX1 Copy the figure from box WSA1 to this box.

TX2 Enter the amount of the tax threshold in force at the date of the chargeable event. Take this figure from box 2.6 form **IHT100a** or 2.6 form **IHT100b**. Inheritance tax thresholds can be found on our website or form **IHT210A**.

TX3 Deduct box TX1 from box TX2 and write the result in this box. If the result is a minus figure write "0" in this box. Do not write in the minus figure.

TX4 Copy the figure from box WSA10.

TX5 Subtract box TX3 from box TX4 and write the result in this box. If the transferee is paying the tax, copy the figure you have written in this box to TX6.

Grossing-up

▶ If the transferor is paying the tax, the total value of the transfer is the value of the assets given plus the tax that is being paid.

To calculate the true value of the transfer we have to undertake a process known as "grossing-up".

TX6 Use the sum $\dfrac{\text{TX5} \quad \text{x} \quad 100}{100 - Y}$

to find out the value of the transfer on which tax is to be charged.

Y is 20 if
• the gift was chargeable to inheritance tax at the time it was made and
• the person who made the gift is either still alive or lived for more than seven years after the date of the gift. In all other cases it is 40.

Write the result in this box.

TX7 Use the sum (TX6 X Y%) to work out the tax on the figure you have written in TX6. Write the result in this box.

Y is 20% if
• the gift was chargeable to inheritance tax at the time it was made and
• the person who made the gift is either still alive or lived for more than seven years after the date of the gift. In all other cases it is 40%.

TX8 Taper relief is explained on page **27** of this guide. If taper relief is due, work out the relief following the guidance starting on page **27** and write the result in this box.

TX9 Subtract box TX8 from box TX7 and write the result in this box.

TX10 Write the figure for any successive charges relief due in this box. There are examples of how to calculate this relief starting at page **25** of this guide. If you have used form **IHT100WS** to work out this relief, copy the figure from box SC8 to this box.

You should copy details of your calculations to form **D40**.

TX11 Write the figure for any double taxation relief due in this box. There is an explanation of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lower of boxes DT2 and DT5 to this box.

You should copy details of your calculations to form **D40**.

TX12 If inheritance tax has already been assessed and paid on this transfer write the amount in this box.

TX13 Deduct boxes TX10, TX11 and TX12 from box TX9 and write the result in this box.

If none of the tax is payable by instalments copy the figure in box TX13 to box TX18.

If any of the tax is payable by instalments fill in boxes TX14 to TX38.

Tax which may not be paid by instalments

TX14 Subtract the figure in box WSA11 from the figure in box WSA4 and write the result in this box.

TX15 Write in the figure shown in box TX9.

TX16 Write in the figure shown in box TX14.

TX17 Write in the figure shown in box WSA10.

TX18 Use the sum $\dfrac{TX15 \quad X \quad TX16}{TX17}$ to work out the amount to write in this box.

TX19 Write the figure for any successive charges relief due in this box. There are examples of how to calculate this relief at page **25** of this guide. If you have used form **IHT100WS** to work out this relief, copy the figure from box SC6 to this box. You should copy details of your calculations to form **D40**.

TX20 Write the figure for any double taxation relief due in this box. There is an explanation of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lowest figure from either box DT2 or box DT5 to this box. Copy details of your calculations to form **D40**.

TX21 Write in the amount of any inheritance tax that has previously been paid on this chargeable event taking the figure from box 7.1 on form **IHT100a** or box 7.1 form **IHT100b**.

TX22 Add boxes TX19, TX20 and TX21 together and take the result away from box TX20. Write the result in box TX22.

TX23 Write in the interest payable on the tax that may not be paid by instalments.

You may use the tables on page **15** of form **IHT100WS** to calculate the interest due. Guidance on how to use these tables is given on page **30** of this guide.

TX24 Add the amounts in box TX22 and box TX23 together and write the result in this box.

If none of the tax is payable by instalments carry the figure you have written in box TX24 forward and write it in box TX38.

Tax which may be paid by instalments

TX25 Subtract the amount in box WSA12 from the amount in box WSA7 and write the result in this box.

TX26 Write the tax shown in box TX9 in this box.

TX27 Write the amount in box TX25 in this box.

TX28 Write the amount shown in box WSA10 in this box.

TX29 Use the sum $\dfrac{\text{TX26} \quad \text{x} \quad \text{TX27}}{\text{TX28}}$

to work out the amount to write in this box.

TX30 Write the figure for any successive charges relief due in this box. There are examples of how to calculate this relief at page **25** of this guide. If you have used form **IHT100WS** to work out this relief, copy the figure from box SC7 to this box.

You should copy details of your calculations to form **D40**.

TX31 Write the figure for any double taxation relief due in this box. There is an explanation of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lowest figure from either box DT2 or DT5 to this box.

Copy details of your calculations to form **D40**.

TX32 If inheritance tax has already been assessed and paid on this transfer write the amount in this box. Take the figure from box 7.2 on form **IHT100a** or **IHT100b**.

TX33 Add boxes TX30, TX31 and TX33 together and take the result away from the amount in box TX29. Write the result in this box.

TX34 If you want to pay the tax by instalments write the number of instalments that are due in this box. If you want to pay all of the tax that is payable by instalments write "10" in this box.

TX35 Work out the tax now payable by multiplying the figure in box TX33 by the fraction in box TX34. Write the answer in this box. For example

Tax which may be paid by instalments	**TX33**	*£45,000*
Number of instalments being paid now	**TX34**	*2 / 10*
Tax payable now	**TX35**	*£9,000*

Tax which may be paid by instalments	**TX33**	*£45,000*
Number of instalments being paid now	**TX34**	*10 / 10*
Tax payable now	**TX35**	*£45,000*

TX36 If you have decided that there is no interest to pay on the tax in box TX22 *there will be no interest to pay here*. Write "0" in box TX36.

Work out the interest to include in this box if

- you have included some interest in box TX23, or
- the tax at TX22 was nil and the date in IT1 on page **15** of form **IHT100WS** has passed.

Use the table on page **15** of **IHT100WS** to do this.

TX37 Add the amounts in boxes TX35 and TX36 together and write the result in this box.

TX38 Add together boxes TX24 and TX37 and write the result in this box. **This is the tax and interest that you must pay . The amount is due on delivery of the account or on the due date, if later.**

Part B

Settlements

▶ You should use this part of form **IHT100WS** to work out the tax on a **principal charge** or a **proportionate charge**.

WSB1 Copy the figures from box E19 on form **IHT100**.

WSB2 Copy the figure from box FP7 on form **D39**.

WSB3 Add box WSB1 to box WSB2 and write the result in this box.

WSB4 Copy the figure from box F17 on form **IHT100**.

WSB5 Copy the figure from box FP12 on form **D39**.

WSB6 Add box WSB4 to box WSB5 and write the result in this box.

WSB7 Add box WSB3 to box WSB6 and write the result in this box.

WSB8 Copy the figure from box 3.5 on form **IHT100c**.

WSB9 Copy the figure from box 2.1 on form **IHT100c**.

WSB10 If you are telling us about a proportionate charge arising within ten years of the commencement of the discretionary trust, copy the figure from box 2.6 on form **IHT100c**.

If you are telling us about a principal charge copy the figure from box 1.14 on form **IHT100d**.

WSB11 Copy the figure from box 1.12 on **IHT100d**.

WSB12 If you are telling us about a proportionate charge arising within ten years of the date on which the settlement started, copy the figure from box 2.3 on form **IHT100c**.

If you are telling us about a proportionate charge arising more than ten years after the date on which the settlement started, copy the figure from box 3.7 on form **IHT100c**.

WSB13 Copy the total from column E, box 3.9 on form **IHT100c**.

WSB14 Copy the figure from

- box 2.8 on form **IHT100c** if you are telling us about a proportionate charge arising within ten years of the date on which the settlement started.

- box 3.4 on form **IHT100c** if you are telling us about a proportionate charge arising more than ten years after the date on which the settlement started.

- box 1.10 form **IHT100d** if you are telling us about a principal charge.

WSB15 Copy the figure from

- box 3.3 on form **IHT100c** if you are telling us about a proportionate charge arising more than ten years after the date on which the settlement started

- box 1.5 on form **IHT100d** if you are telling us about a principal charge.

Working out the rate

▸ In this part of the form you will work out the rate at which the tax is charged. Work this out to three decimal points.

R1 Copy the figure from box WSB7 to this box.

R2 Copy the figure from box WSB8 to this box.

R3 Copy the figure from box WSB9 to this box.

R4 Copy the figure from box WSB10 to this box.

R5 Copy the figure from box WSB11 to this box.

R6 Copy the figure from box WSB12 to this box.

R7 Copy the figure from box WSB13 to this box.

R8 Add the figures in boxes R1 to R7 together and write the total in this box.

R9 Copy the figure in box WSB14 to this box.

R10 Copy the figure in box WSB15 to this box.

R11 Add box R9 to box R10 and write the result in this box.

R12 Add box R8 to box R11 and write the result in this box.

R13 Write the tax threshold at the date of the chargeable event in this box. Copy the figure from

- 1.7 on form **IHT100c**, if you are telling us about a proportionate charge
- 1.16 on form **IHT100d**, if you are telling us about a principal charge.

Inheritance tax thresholds can be found on our website or form **IHT210A**.

R14 This box will always be "nil".

R15 Take box R13 away from box R12 and write the result in this box. If the result is a minus figure write "0" in this box. Do not write in the minus figure.

R16 Multiply the figure in box R15 by 20% and write the result in this box.

R17 Add box R14 to box R16 and write the result in this box.

R18 Write the tax threshold at the date of the chargeable event in this box. Copy the figure from

- box 1.7 on form **IHT100c** if you are telling us about a proportionate charge
- box 1.16 on form **IHT100d** if you are telling us about a principal charge.

Inheritance tax thresholds can be found on our website or form **IHT210A**.

R19 This box will always be "nil".

R20 Subtract the figure in box R18 from the figure in box R11 and write the result in this box. If the result is a minus figure write "nil" in this box.

R21 Multiply the figure in box R20 by 20% and write the result in this box.

R22 Add box R19 to box R21 and write the result in this box.

R23 Subtract box R22 from box R17 and write the result in this box.

R24 Use the sum $\dfrac{R23}{R8} \times 30$

to work out the figure to write in this box.
This is the rate at which tax will be charged.

Working out the tax ▶ To work out the tax on a principal charge fill in boxes TX39 to TX55.
To work out the tax on a proportionate charge fill in boxes TX56 to TX74.

TX39 Multiply the figure in box WSB3 by the % in box R24 and write the result in this box.

TX40 The tax shown in box TX39 may be reduced if the relevant property in the discretionary trust, at this ten-year anniversary, was not relevant property during the whole of the ten years ending on the ten-year anniversary of the trust. Use the table provided to calculate the reduction. Copy the figures relating to the value of assets on which the tax may not be paid by instalments from question 1.3 on form **IHT100d** to column A of the table.

If assets last became relevant property on different dates, write the total value of all the assets that last became relevant property on the same date on one line. Write the total value of the assets that became relevant property on a different date on another line and so on.

Copy the rate from box R24 to column B. The same rate will apply to each line you have completed.

Work out the number of complete quarter years. These are periods of three months between the last ten-year anniversary and the date on which the assets last became relevant property. Write the result in column C. Repeat the process for each line on the table you have filled in.

Add the figures in column E together and write the result in box TX40.

Do the following sum for each line you have filled in.
Column A x Column B% x Column C ÷ Column D.

Example:

The last ten-year anniversary was 1 January 1990.
Assets became relevant property on 1 November 1994 which were worth £60,000 at the date of this ten-year anniversary on 1 January 2000.
Other assets became relevant property on 16 April 1995. They were worth £40,000 on the date of this ten-year anniversary.
The number of complete quarters during which the assets were not relevant property is;

1 January 1990 to 31 December 1993 (Four Years)	=	16
Number of complete quarters between 1 January 1994 and 30 September 1994	=	3
Number of complete quarters between 1 October and 1 November 1994	=	0
Total number of quarters to count	=	19

The number of complete quarters between 1 January 1990 and 16 April 1995 is 21.

The rate from box R24 is 4.8%

Complete the table as follows:

Value of relevant property at the ten-year anniversary. *(From question 1.3 form IHT100d)*	X	Rate % *(box R24)*	X	Complete quarters between the last ten-year anniversary and the date on which the asse last became relevant property	÷	40	=	Reduction in Tax
A		B		C		D		E
£60,000		4.8		19		40		£1,368
£40,000		4.8		21		40		£1,008
	X		X		÷	40	=	
						40		
						40		

Total reduction   **TX40**   *£2,576*

TX41 Subtract box TX40 from box TX39 and write the result in this box.

TX42 Write the figure for any double taxation relief due in this box. There is an explanation of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lowest figure from either box DT2 or DT5 to this box.

TX43 Subtract box TX42 from box TX41 and write the result in this box.

TX44 If any interest is due on the tax which may not be paid by instalments write the amount in this box. Notes on when interest is due and on how to work out the amount payable begin on page **28** of this guide.

TX45 Add box TX43 to box TX44 and write the result in this box.

Tax which may be paid by instalments

TX46 Multiply the figure in box WSB6 by the rate in box R24 and write the result in this box.

TX47 The tax shown in box TX46 may be reduced if the property in the discretionary trust was not relevant property during the whole of the ten years ending on the ten-year anniversary of the trust. Use the table provided to calculate the reduction. Copy the figures relating to the value of assets on which the tax may be paid by instalments from question 1.3 on form **IHT100d** to column A of the table. If assets last became relevant property on different dates, write the total value of all the assets that last became relevant property on the same date on one line. Write the total value of the assets that last became relevant property on a different date on another line and so on. Copy the rate from box R24 to column B. The same rate will apply to each line you have completed.

Work out the number of complete quarter years (periods of three months) between the last ten-year anniversary and the date on which the assets last became relevant property. Write the result in column C. Repeat the process for each line on the table you have filled in.

Add the figures in column E together and write the result in TX47.

Do the following sum for each line you have filled in.
Column A x Column B% x Column C ÷ Column D.

An example on how to fill in the table is given on page **11** above.

TX48 Subtract box TX47 from box TX48 and write the result in this box.

TX49 Write the figure for any double taxation relief due in this box. There is an example of how to calculate this relief at page 27 of this guide. If you have used form **IHT100WS** to work out this relief, copy the lower of boxes DT2 and DT5 to this box.

TX50 Subtract box TX49 from box TX48 and write the result in this box.

TX51 If you want to pay tax by instalments, write the number of instalments that are due in this box. If you want to pay all the tax that is payable by instalments at the due date write "10" in this box.

TX52 Multiply box TX50 by the fraction in box TX51 and write the result in this box.

TX53 If any interest is due on the tax which may be paid by instalments write the amount in this box. Notes on when interest is due and on how to work out the amount payable begin on page **28** of this guide.

TX54 Add box TX52 to box TX53 and write the result in this box.

TX55 Add box TX45 to box TX54 and write the result in this box.

Working out the tax

Proportionate charge

Tax which may not be paid by instalments

TX56 Copy the figure in box WSB3 to this box.

TX57 Use the table to calculate the tax on the assets, included in this transfer that may not be paid by instalments.

- List the assets on which the proportionate charge arises and the tax may not be paid by instalments, in the order in which they last became relevant property.

- Group together the assets that last became relevant property on or before the last ten-year anniversary.

- Group together the remaining assets that last became relevant property on the same date.

- Enter details of the assets on the table, using a separate line for each group.

Write the date on which the asset or group of assets last became relevant property in Column A. Where assets last became relevant property on or before the last ten-year anniversary, write in the date of the last ten-year anniversary in column A for that line.

Write the total value of the assets in the group in column B. This information may be copied from box 2.11 or box 3.11 on form **IHT100c**.

Copy the rate from box R24 to column C.

Write the number of quarter years (periods of three months) during which the assets were relevant property in column D. If any of the assets last became relevant property before the last ten-year anniversary do not count any period before that date.

The number of quarters should be worked out as follows:

1. Work out the number of complete quarters between the date on which the settlement commenced or the last ten-year anniversary (if later) and the date of this chargeable event.

   If the assets last became relevant property on or before the date of the last ten-year anniversary write the result in column D on the line for that asset or group of assets. If the assets last became relevant property after the last ten-year anniversary continue to stage 2 below.

2. Work out the number of complete quarters between the date of commencement of the settlement or, if later, the date of the last ten-year anniversary and the date on which the asset or group of assets last became relevant property.

3. Subtract the result at 2 from the figure at 1 above.

4. Write the result in column D.

5. If an asset or group of assets last became relevant property within three months of the date of the chargeable event count one quarter.

6. Repeat the process for each line you have filled in.

7. Work out the tax by doing the following sum.

Column B x Column C% x Column D ÷ Column E = Tax.

Example
The settlement's last ten-year anniversary was 1 January 1990.
On 1 August 1994 there was a distribution of assets valued at £160,000.
£100,000 of these assets had been relevant property since before the date of the last ten-year anniversary.
£60,000 of the assets became relevant property on the 1 November 1992.

The number of complete quarters between the 1 January 1990 and 1 August 1995 is:

01.01.1990 to 31.12.1993	=	16
01.01.1994 to 30 06.1994	=	2
01.07.1994 to 31.07.1994	=	0
Total	=	18

Number of quarters between the date of the last ten-year anniversary and the date on which the £60,000 became

relevant property   = 11

Number of quarters during which the £60,000

was relevant property   (18 - 11) = 7

Date on which the asset last became relevant property or the date of the last ten-year anniversary if later	Value of the assets at the date of this chargeable event	X	Rate % *(from box R24)*	X	Number of quarters between the date in column **A** and the date of this chargeable event	÷	40	=	Tax
A	**B**		**C**		**D**		**E**		**F**
1 *1 January 1990*	*£100,000*		*4.8%*		*18*		40		*£2,160*
2 *1 August 1994*	*£60,000*		*4.8%*		*7*		40		*£504*
3		X		X		÷	40	=	
4							40		
5							40		
Total *	£					Total tax	**TX57**		*£2,664*

Grossing- up

TX58 If the tax is to be paid out of relevant property in the discretionary trust the value of the assets ceasing to be relevant property on this chargeable occasion must include the amount needed to pay the tax. The amount shown in box WSB3 must be adjusted to take this into account. This process is called "grossing-up".

Use the table on page **16** of form **IHT100WS** to do the grossing-up calculation. Follow the instructions on page **15** of the **IHT100WS**.

If you use the table on page **15** of form **IHT100WS** to do the grossing-up copy the figure from box GC4 to this box.

TX59 If you use the table on page **15** of from **IHT100WS** to do the grossing-up copy the figure in box GC6 to this box.

TX60 Write the figure for any double taxation relief due in this box. There is an example of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lowest figure from either box DT2 or box DT5 to this box.

TX61 Subtract box TX60 from box TX59 and write the result in this box.

TX62 If any interest is due on the tax which may not be paid by instalments write the amount in this box. Notes on when interest is due and on how to work out the amount payable begin on page **28** of this guide.

TX63 Add box TX61 and TX62 together and write the result in this box.

TX64 Copy the figure in box WSB6 to this box.

Tax which may be paid by instalments

TX65 Use the table to calculate the tax on the assets which are involved in this transfer that may be paid by instalments.

Refer to the notes on how to fill in box TX57 starting on page **13** above to find out how to fill in this box. Remember to include only details of assets on which the tax may be paid by instalments here.

Grossing- up	**TX66** See the notes on how to fill in box TX58 above. Copy the figure from box GC5 to this box.
	TX67 Copy the figure from box GC7 to this box.
	TX68 Write the figure for any double taxation relief due in this box. There is an example of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lowest figure from either box DT2 or box DT5 to this box.
	TX69 Subtract box TX68 from box TX67 and write the result in this box.
Instalments	**TX70** If you want to pay tax by instalments, write the number of instalments that are due in this box. If you want to pay all the tax that is payable by instalments on the due date, write "10" in this box.
	TX71 Multiply the figure in box TX69 by the fraction in box TX70 and write the result in this box.
Interest	**TX72** If any interest is due on the tax which may be paid by instalments write the amount in this box. Notes on when interest is due and on how to work out the amount payable begin on page **28** of this guide.
	TX73 Add box TX71 to box TX72 and write the result in this box.
	TX74 Add box TX63 to box TX73 and write the result in this box.
Part C Flat rate charge	Use this part to calculate the flat rate charge.
	If the tax is to be paid out of assets which after the chargeable event, remain held on special trusts grossing-up is necessary. In these circumstances do not work out the tax. We will do it for you.
	WSC1 Copy the figure from box E19 on form **IHT100** to this box.
	WSC2 Copy the figure from box FP7 on form **D39** to this box.
	WSC3 Add box WSC1 to box WSC2 and write the result in this box.
	WSC4 Copy the figure from box F17 on form **IHT100** to this box.
	WSC5 Copy the figure from box FP12 on form **D39** to this box.
	WSC6 Add box WSC4 to box WSC5 and write the result in this box.
	WSC7 Add box WSC3 to box WSC6 and write the result in this box.
Calculating the tax which may not be paid by instalments	**TX75** Use the table to calculate the tax on the assets in respect of which the tax may not be paid by instalments.

- Write the date on which the asset or group of assets last became held on special trusts, or if later 13th March 1975 column A.

- Write the value of the asset or group of assets at the date of this chargeable event in column B. This information can be copied from

question 1.6 on form **IHT100e**.

- Write the number of complete quarter years (periods of three months) during which the assets were held on special trusts in column C.

- Use table R25 on page **12** of the **IHT100WS** to work out the tax to put in column D.

- Fill in table R25 as follows:

- If you are working out the tax which may not be paid by instalments copy the value from column B in the table at TX75 to column A in this table. If you are working out the tax which may be paid by instalments copy the value from column B at table TX80 to column A in this table.

- Write the number of quarters taking the figure from column C in the table at TX75 or TX80 (as appropriate) in column B. If the number of quarters is 40 or less write the figure on line 1. If the number of quarters is more than 40, but no more than 80 write 40 on line I of column B and the balance on line 2 of column B. If the number of quarters is more than 80, but less than 120 write 40 on line 1, 40 on line 2 and the balance on line 3 of column B and so on.

- Multiply the value in column A, by column B (line 1) and multiply the result by the % in column C (line 1). Write the result in column D, (line 1).

- Repeat this sum for each line that you have filled in, in column B.

- Add up the figures in column D and write the total in box R25.

- Copy the figure from box R25 to column D in the table at TX75.

- Repeat this process for each line on the table you have completed in TX75.

- Add together the figures in column D , TX75 and write the result in box TX75.

Example:

An accumulation and maintenance trust set up on 1 May 1985 failed to meet the conditions under which it was excluded from proportionate and principal charges on 1 January 2000.
The value of the assets in the fund at that date was £200,000.
Of these assets valued at £50,000 were in the fund from 1 May 1985 and the remainder were added on 1 August 1994.

The number of quarters between 1 May 1985 and 1 January 2000 is

1 May 1985 to 30 April 1999	= 56
1 May 1999 to 31 October 1999	= 2
Total to count	= 58

The number of complete quarters between 1 August 1994 and 1 January 2000 is 21.

Fill in the table as follows.

No.	Date asset last became subject to special trusts	Value of asset at the date of the chargeable event £	Number of complete quarters between the date in column **A** and the chargeable event	Tax (see table R25) £
	A	**B**	**C**	**D**
1	1 May 1985	£50,000	58	£6,800
2	1 Aug 1994	£150,000	21	£7,875
3				
4				
5				
6				
Total Value*		£200,000	**Total Tax** TX57	£14,675

Copy to box H28 on IHT100

No.	Value (from col B) £		Number of quarters (from col C)		Rate	Tax £
	A		**B**		**C**	**D**
1	50,000		1-40	40	0.25%	£5,000
2	50,000		41-80	18	0.20%	£1,800
3			81-120		0.15%	
4			121-160		0.10%	
5			161-200		0.05%	
				Total R25		£6,800

TX76 Write the figure for any double taxation relief due in this box. There is an example of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lower of boxes DT2 and DT5 to this box.

TX77 Subtract box TX76 from box TX75 and write the result in this box.

TX78 If any interest is due on the tax which may not be paid by instalments write the amount in this box. Notes on when interest is due and on how to work out the amount payable begin on page **28** of this guide.

TX79 Add box TX77 to box TX78 and write the result in this box.

Calculating the tax which may be paid by instalments

TX80 Use the table at TX80 to calculate the tax which may be paid by instalments. To fill in this table follow the explanation at TX75 above. Use table R25 on page **12** of the worksheet (**IHT100WS**) to work out the tax - see the notes on filling in TX75.

TX81 Write the figure for any double taxation relief due in this box. There is an example of how to calculate this relief at page **27** of this guide. If you have used form **IHT100WS** to work out this relief, copy the lower of

boxes DT2 and DT5 to this box.

TX82 Subtract box TX81 from box TX80 and write the result in this box.

Instalments **TX83** If you want to pay tax by instalments, write the number of instalments that are due in this box. If you want to pay all the tax that is payable by instalments on the due date, write "10" in this box.

TX84 Multiply box TX82 by the fraction in box TX83 and write the result in this box.

Interest **TX85** If any interest is due on the tax which may be paid by instalments write the amount in this box. Notes on when interest is due and on how to work out the amount payable begin on page **28** of this guide.

TX86 Add box TX84 and box TX85 together and write the result in this box.

TX87 Add box TX79 to box TX86 and write the result in this box.

R25 See the explanation on how to fill in table R25 at TX75 above.

Part D Recapture charges
▸ Use Part D to work out recapture charges. A recapture charge can arise

  • when assets which are conditionally exempt from inheritance tax cease to be conditionally exempt.

  • when there is a disposal of timber, trees or underwood where their value was not included in the value of a deceased persons estate for the purposes of calculating inheritance tax.

Calculating the tax **WSD1** Copy the figure in box 5.3 on form **IHT100f** to this box.

WSD2 Copy the figure from box 5.1on form **IHT100f** to this box.

WSD3 Copy the figure from box E19 on form **IHT100** to this box.

WSD4 Copy the figure from box F17 on form **IHT100** to this box.

WSD5 Add box WSD3 to box WSD4 and write the result in this box.

WSD6 Copy the amount from box 5.4 on form **IHT100f** to this box.

Calculation 1
▸ The tax on a recapture charge is worked out using one of two calculations.

Use the flowchart on page **18** of the worksheet, **IHT100WS** to decide whether to use calculation 1 or calculation 2. Use calculation 1 unless you are told to use calculation 2.

TX88 Copy the figure from WSD1 to this box.

TX89 Copy the figure from WSD2 to this box.

TX90 Add the amount in box TX88 to the amount in box TX89 and write the amount in this box.

TX91 Write in the inheritance tax threshold at the date of the chargeable event in the box. This figure may be copied from question 5.4 form **IHT100f**.

TX92 Subtract box TX91 from box TX90 and write the result in this box. If the result is a minus figure write '0' in this box. Do not write in a negative amount.

TX93 Copy the amount in box WSD5 to this box.

TX94 Subtract box TX92 from box TX93 and write the result in this box.

TX95 Write the rate at which tax is to be charged in this box. You can find out the rate that applies by referring to table R26 on page **18** of form **IHT100WS**.

TX96 Multiply the amount in box TX94 by the % in box TX95 and write the result in this box.

TX97 Write the proportion of tax which is payable in this box. You can find out the proportion that applies by referring to table R26 on page **18** of form **IHT100WS**.

TX98 Do the sum: $\qquad$ TX96 X $\quad$ TX97% and write the result in this box.

TX99 Copy the figure from box 4.1 on form **IHT100f** to this box.

TX100 Subtract box TX99 from box TX98 and write the result to this box.

TX101 Copy the amount in box TX100 to this box.

TX102 Copy the amount from box WSD3 to this box.

TX103 Copy the figure in box WSD5 to this box.

TX104 Do the sum $\qquad \dfrac{\text{TX101} \quad X \quad \text{TX102}}{\text{TX103}}$ and write the result in this box.

TX105 If any interest is due on the tax which may not be paid by instalments, write the amount in this box. Interest may be worked out using the calculation starting at IT1 on page **15** of form **IHT100WS**. If you use the table copy the result from IT4. Notes on when interest is due and on how to work out the amount payable begin on page **28** of this guide.

TX106 Add the amounts in TX104 and TX105 together and write the result in this box.

TX107 Copy the amount from TX100 to this box.

TX108 Copy the amount from WSD4 to this box.

TX109 Copy the amount from WSD5 to this box.

TX110 Do the sum $\dfrac{\text{TX107} \quad X \quad \text{TX108}}{\text{TX109}}$

and write the result in this box.

TX111 Write the number of instalments that are due in this box. If all the tax that could be paid by instalments is being paid now write "10" in this box.

TX112 Multiply the amount in box TX110 by the fraction in box TX111 and write the result in this box.

TX113 If any interest is due on the tax that may be paid by instalments write the amount in this box. Interest may be worked out using the calculations starting at IT5 on page **15** of form **IHT100WS**. If you use the table copy the figure from IT9 to this box.

TX114 Add TX112 to TX113 and write the result in the box.

TX115 Add TX106 and TX114 together and write the result in this box.

Calculation 2 ▶ This calculation should be used if;

- the asset was relevant property in a discretionary trust and

- it became conditionally exempt after being put into the settlement when it was relevant property

- it remained relevant property until the date of the chargeable event you are telling us about.

Table R26 on page **18** of form **IHT100WS** will help you to decide when to use this calculation.

TX116 Copy the amount in WSD3 to this box.

TX117 This table is used to work out the tax that is not payable by instalments. Copy the figures from box 5.5 on form **IHT100f** to this table. Include only information about assets on which tax may not be paid by instalments.

See notes on filling in TX75 which explain how to fill in this table and table R25.

In this case the date to be written in column A is the later of

- the date on which the settlement commenced or

- the last ten-year anniversary and

No date should be before 13 March 1975.

You can copy the information for column A and B from question 5.5 on form **IHT100f**.

Use the table R25 on page **12** of the **IHT100WS** to work out the tax that is due. You must work out the tax separately for each line on table TX117 that you fill in. Write the results in column D of TX117. Then add all the figures in column D together and write the results in box TX117.

TX118 If any interest is due on the tax that may not be paid by instalments write the amount in this box. Interest may be worked out using the calculations starting at IT1 on page **15** of form **IHT100WS**. If you use the table, copy the figure from IT4 to this box.

Notes on when interest is due and how to work out the amount payable begin on page **28** of this guide.

TX119 Add TX117 and TX118 together and write the result in this box.

TX120 This table TX120 is used to work out the tax that may be paid by instalments. Include only information about assets on which the tax may be paid by instalments. See the notes on filling in TX117 and TX75 for guidance on how to fill in TX120.

TX121 Write the number of instalments that are being paid in this box. If all of the tax that may be paid by instalments is being paid write "10" in this box.

TX122 Multiply TX120 by the fraction in box TX121 and write the result in this box.

TX123 If any interest is due on the tax that may be paid by instalments write the amount in this box. Interest may be worked out using the calculations starting at IT5 on page **15** of form **IHT100WS**. If you use the table copy the figure from IT9 to this box.

TX124 Add TX122 to TX123 and write the result in this box.

TX125 Add TX119 to TX124 and write the result in this box.

Figures to copy to form IHT100

▶ When you have filled in form **IHT100WS**, follow the instructions on the form to copy the figures to section G and H of form **IHT100**.

Payment of inheritance tax

▶ Inheritance tax is due on chargeable events arising otherwise than on death as follows:

If the date of chargeable event is between 6 April and 30 September the tax is due on the following 30 April.

If the date of the chargeable event is between 1 October and 5 April the tax is due six months from the end of the month in which the chargeable event arises. Inheritance tax or additional inheritance tax on a gift made within seven years of the date of the transferor's death, is due six months from the end of the month in which the transferor's death occurs.

Additional tax arising on a chargeable event arising on a discretionary trust because of the death of the settlor within seven years of that event is due six months from the end of the month in which the settlor's death

occurs. The table on page **28** will help you decide the due date that applies.

The minimum amount of tax to be paid

▸ You must pay the tax that is due on the assets included in section E of form **IHT100** by the due date. You may also have to pay some or all of the tax that is due on any foreign property. In addition, if the due date has passed, you will have to pay some of the tax on the assets included in section F of form **IHT100**.

Options for payment

▸ You can pay all the tax that is due by the due date. If not you may pay the tax that is due on the assets included in Section F of form **IHT100** and part 2 of form **D39**
  • in one lump sum at the due date (to avoid any interest charges), or
  • in ten annual instalments.

There is more information about instalments on page **24** of this guide.

Payment in advance

▸ You can make a payment on account at any time. If you do, we will not charge you interest on the amount paid from the date we receive it. Please make sure you tell us the full name of the settlement or transferor and the date of the chargeable event. If you pay too much on account, we will pay you interest when we return the money.

How to make payment

▸ You can pay the tax that is due either by cheque, by electronic transfer, by Bank Giro Credit.

By cheque

▸ Write out your cheque to "HM Revenue & Customs only" and
  • put a line through any space left on the "Pay" line
  • cross your cheque "A/c payee"
  • write the full name of the deceased and the date of death on the back of the cheque.

You should send your cheque with any papers to one of the branches of Capital Taxes. We tell you which branch to use on pages **22** and **23** of the guide *"How to fill in form IHT100" (IHT110)*. You should address the envelope specifically to the cashiers in the office as follows:

  • Nottingham – address the envelope to "Section K". If you use the DX system, there is a special number DX 701205 Nottingham 4.

  • Edinburgh – address the envelope to "The Cashier".

By electronic transfer (CHAPS/ BACS)

▸ You should contact your bank to find out how to make payment in this way. You will need to give your bank details of the bank account for the office that is handling your case.

These are:

Office	Bank	Sort Code	Account Number
Nottingham	Bank of England	10-00-00	23430303
Edinburgh	Royal Bank of Scotland	83-06-08	00132961

You should give the full name of the transferor or settlement, as

appropriate, the date of transfer or settlement and the Capital Taxes reference number if you know what it is.

By bank Giro Credit

▸ If you wish to pay by giro, please telephone 0115 974 2463 and we will send you a pre-printed giro slip. Make sure our reference number or the full name of the transferor or settlement and the date of the chargeable event is written on the giro slip.

Note

▸ There may be a delay before the Bank of England notifies us of payment by either an electronic transfer or Giro. So, if you use either of these methods of payment, it may be a few days before we can let you have you confirmation that the tax has been paid.

You can pay inheritance tax by transferring assets to the Crown

▸ You can offer to pay some or all of the tax and interest for which you are liable by transferring national heritage property to the Crown. The rules are complicated. In particular, if you are a prospective personal representative, we cannot accept property from you before you have taken out a grant of representation. But if we do accept a transfer of property as payment of tax, we will repay the money to you up to the value of the property we accept.

If you would like more information please telephone the Heritage Team Helpline on 0115 974 2490.

Paying tax by instalments

▸ You may pay tax on land and buildings, some business interests and some unquoted shares in ten instalments. The instalments are one a year, for ten years. The first instalment will be payable when the tax is due the second twelve months after that and so on. The date on which tax becomes due is shown on page **28** below.

Normally, you will still have to pay interest on the tax that remains unpaid at the time each instalment falls due. As more of the tax is paid, the interest will reduce over the years as each instalment reduces the amount unpaid, providing that the rate of interest remains unchanged.

If you are paying the tax by instalments on

• some businesses
• certain unquoted shares, or
• land that qualifies for agricultural relief

you may qualify for some interest relief. If so, interest is only charged on each instalment as it becomes due. This means that provided each instalment is paid on time, no interest will be paid on the tax on that asset. The rules to qualify for this relief are quite complicated and you should telephone our helpline if you want more information.

Sale of assets where tax is being paid by instalments

▸ You **must** tell us if you sell any of the assets on which tax is being paid by instalments. The option to pay by instalments comes to an end when an asset is sold and the tax remaining unpaid is due immediately. You should tell us when the sale of the asset was completed. We will work out and tell you how much tax and interest is due to clear the liability.

Changing your mind

▸ Even though you may choose to start paying some of the tax by instalments, you may decide later to pay off all the tax.

You should tell us if you want to do this. We will work out and tell you how much tax and interest is due to clear the liability.

You should be aware, however, that once you have paid all the tax that may be paid by instalments, you cannot ask for the money back and start paying by instalments again.

Successive charges relief

▶ Use the calculations at SC1 – SC8 to work out successive charges relief. The example below shows you how to fill in this part of the worksheet.

Example of how to work out relief for successive charges

▶ The transferor became entitled to a life interest in the income from £100,000 under the will of a relative who died on 4 March 1997. The relative's estate was worth £425,000. Legacies of £150,000 and inheritance tax of £90,000 were paid. The transferor died on 23 November 1998, within five years of the relative dying. The executors may claim relief to stop the money in the settlement from being taxed twice in a short period of time. The figures to use in form **IHT100WS** as follows.

SC1 Write in this box the value of the estate of the first person to die. In this example it is £425,000.

SC2 Write in this box the total amount paid out in legacies from the estate of the first person to die. This is the total amount, not just any legacies that the transferor received. In this example it is £150,000.

SC3 Write in this box the amount of inheritance tax paid by the estate of the first person to die. In this example it is £90,000.

SC4 Write in this box, the value of the deceased's entitlement. In this example it is £100,000.

SC5 Write in this box, the percentage of relief that will be allowed, using the table below. In this example, as the transferor died more than one but less than two years after the first person to die, it is 80%.

Period between charges	%
Within 1 year	100
Between 1 & 2 years	80
Between 2 & 3 years	60
Between 3 & 4 years	40
Between 4 & 5 years	20

SC6 Copy the figures from boxes SC1 to SC5 into the formula and work out the sum. Write the answer in this box. Copy this figure to the appropriate box on form **IHT100WS**.

Working out Successive Charges Relief
First Transfer

Net value of transfer for inheritance tax	SC1	£425,000
Inheritance tax paid on the first transfer	SC2	£90,000
Assets in the first transfer included in this transfer		
Assets where the tax may not be paid by instalments	SC3	£100,000
Assets where the tax may be paid by instalments	SC4	
Rate of relief	SC5	80%

Relief on assets on which tax may not be paid by instalments

$$\frac{SC2\ £90,000}{SC1\ £425,000} \times SC3\ £100,000 \times SC5\ 80\% = SC6\ £16,941$$

Relief on assets on which tax may be paid by instalments

$$\frac{SC2\ £}{SC1\ £} \times SC4\ £ \times SC5\ \% = SC7$$

Total relief *(SC6 plus SC7)*   SC8 £16,941

In the example above, the transferor received a life interest in £100,000. If the transferor had received a life interest in the remainder of the estate after legacies of £150,000 had been paid to other people, the figure box SC4 would have been different. The example below shows this difference. The deceased's entitlement should be worked out as follows:

Value of estate	=	£425,000
Less: legacies paid	-	£150,000
tax paid	-	£90,000
Transferor's interest	=	£185,000

Let us say that this is represented by assets on which tax may not be paid by instalments of £85,000. The assets on which the tax may be paid by instalments equal £100,000. The figures will be the same for boxes SC1, SC2, SC3 and SC5. Box SC4 will be £100,000. The entries on the working sheet are as below.

Working out Successive Charges Relief
First Transfer

Net value of transfer for inheritance tax	SC1	£425,000
Inheritance tax paid on the first transfer	SC2	£90,000
Assets in the first transfer included in this transfer		
Assets where the tax may not be paid by instalments	SC3	£85,000
Assets where the tax may be paid by instalments	SC4	£100,000
Rate of relief	SC5	80%

Relief on assets on which tax may not be paid by instalments

$$\frac{SC2\ £90,000}{SC1\ £425,000} \times SC3\ £85,000 \times SC5\ 80\% = SC6\ £14,400$$

Relief on assets on which tax may be paid by instalments

$$\frac{SC2\ £90,000}{SC1\ £425,000} \times SC4\ £100,000 \times SC5\ 80\% = SC7\ £16,941$$

Total relief *(SC6 plus SC7)*   SC8 £31,341

| **Double taxation relief** | ▶ | DT1-6 can be used to work out double taxation relief. Follow the examples below to see how to fill in this part of the **IHT100WS**. |

Only write amounts in pound sterling in these boxes.

DT1 Write in this box the value of the foreign property on which you have paid foreign tax.

DT2 Write in this box the amount needed to pay the foreign tax, in pound sterling.

DT3 Write in the total amount of inheritance tax payable on this transaction before double taxation relief is deducted.

DT4 Write in the total amount on which the tax is being paid before deducting the annual exemption.

DT5 Copy the amount in box DT1 to this box.

DT6 Do the sum $\dfrac{DT3 \times DT1}{DT4} = DT5$

The double taxation relief is the lower of box DT2 and box DT5.

Copy this figure to the appropriate box on form **IHT100WS**.

If the double taxation relief applies to assets on which the tax may not be paid by instalments deduct it from the tax that may not be paid by instalments.

If the double taxation relief applies to assets on which the tax may be paid by instalments, deduct it from the tax that may be paid by instalments. If the double taxation relief applies to both assets on which tax may not be paid by instalments and assets on which tax may be paid by instalments, the relief should be apportioned between the two. We suggest that you do separate calculations for both, using the formula described above.

Taper relief ▶ Taper relief is available where there is tax to pay on any lifetime gifts made by the transferor between 3 and 7 years before their death.

If the total of all the gifts made by the transferor does not exceed the tax threshold that applies at the date of their death, there can be no taper relief.

The relief is given by reducing the tax payable on the gift by the percentage in the table below.

Date of gift	%
More than 3, but 4 or less years before the death	20
More than 4, but 5 or less years before the death	40
More than 5, but 6 or less years before the death	60
More than 6, but 7 or less years before the death	80

An example of how taper relief works

▸ The deceased died on 17 April 2000, leaving an estate of £500,000. They had made 3 gifts in the seven years before they died, each to a different person, which after deducting exemptions, were

12 May 1991	52,000
14 July 1993	125,000
16 March 1995	112,000
	£289,000

The tax on each gift is worked out separately and then taper relief deducted.

First gift on 12 May 1993.
The chargeable amount of the gift was £52,000. The tax threshold to apply is the threshold at death (£234,000). As the gift is below the threshold, there is no tax to pay on this gift and so there can be no taper relief.

Second Gift 14 July 1995
The chargeable amount of the gift was £125,000. The first gift must be added to it, to establish the total value (£177,000) on which tax is charged. The tax threshold to apply is the threshold at death (£234,000). As the value is below the threshold, there is no tax to pay on this gift. There can be no taper relief.

Third gift on 16 March 1997.
The chargeable amount of the gift was £112,000. The first two gifts must be added to it to establish the total value (£289,000) on which tax is charged. The tax threshold to apply is the threshold at death (£234,000).

The tax payable on the third gift is

	£
Taxable value	289,000
Less threshold	- 234,000
Chargeable value	55,000
Tax at 40 %	22,000

The tax of £22,000 is payable only by the person who received the third gift, it should not be divided between all three people. The third gift was made more than three, but less than four years before the transferor died so taper relief is due at 20%. 20% of £22,000 is £4,400 so the tax to be paid is £22,000 – 4,400 = £17,600.

Due date

▸ Inheritance tax is due as follows

Event	Due Date
Gift or other transfer of value made during the transferor's life between 6 April and 30 September inclusive in any year that is chargeable at the time it is made.	End of April in the following year.

Gift or other transfer of value made during the transferor's life between 1 October and 5 April (inclusive) in any year that is chargeable at the time it is made.	Six months after the end of the month in which the transfer was made.
Additional tax arising on a gift made within seven years of the transferor's death.	Six months after the end of the month in which the transfer was made.
Tax arising on a potentially exempt transfer made within seven years of the transferor's death.	Six months after the end of the month in which the transfer was made.
Additional tax arising on a principal, proportionate or flat rate charge where the event giving rise to the charge occurred within seven years of the settlor's death.	Six months after the end of the month in which the transfer was made.
Tax arising on a principal, proportionate or flat rate charge, where the chargeable event occurred between 6 April and 30 September in any year.	End of April in the following year.
Tax arising on a principal, proportionate or flat rate charge where the chargeable event occurred between 1 October and 5 April in any year.	Six months from the end of the month in which the event giving rise to the charge occurred.
Charge arising on the ending of an entitlement to conditional exemption.	Six months from the end of the month in which the event giving rise to the charge occurred.
Tax arising on the sale of timber.	Six months after the end of the month in which the chargeable event occurs.

Interest

▸ The law says that interest will be added to any unpaid tax after the due date.

Interest is charged at a daily rate. Table 1 on page **30**, tells you the daily rate of interest. This will allow you to work out any interest that is due when you make your payment.

Form **IHT210A** gives details of interest rates and IHT thresholds. Please note that interest rates are subject to change. If you want the most up to date rates of interest for Inheritance tax please visit our internet site or contact our helpline.

Interest charge per £1 per day

▶ Table 1

Interest Rate	Interest charge per £1 per day
2%	0.000054544
3%	0.000081967
4%	0.000109290
5%	0.000136612
6%	0.000163934
7%	0.000191257
8%	0.000218579
9%	0.000245902
10%	0.000273224
11%	0.000300546

Working out the interest on tax not being paid by instalments

▶ Work out the interest that is due as follows
- write the date that interest starts from in box IT1
- write the date that you expect to be sending the papers and tax to us in box IT2.

Interest will be charged for the period between these two dates, including the two days themselves. You can now work out the interest that is due by filling in table IT3.

Look at table 1 above to see how the period for charging interest in the deceased's estate compares to the different interest periods. Then, in table IT3

1 Write the start and finish dates in column 1.

2 Work out the number of days between the dates. Write this number in column 2, remembering to include both start and finish days.

3 Look at table 1 above. Write the daily interest rate that matches the rate of interest to be charged in column 3.

4 To work out the interest that is due, multiply the number of days by the daily rate and then multiply that answer by the tax due (box TX6). Write the interest payable in column 4.

5 Copy the total interest payable to box IT4.

Example 1

▶ A gift was made on 7 February 1997. The papers and tax were sent to us on 14 November 1997. The tax due was £5,000. So, following the steps above

Step1 Write the start and finish dates in column 1.

The date interest starts from, for a gift in February, is 1 September in the same year. The start date is 1 September 1997 and the finish date is 14 November 1997.

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IT3	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/09/97 - 14/11/97			
			Total £	

Step 2 Work out the number of days between the dates. Write this number in column 2, remembering to include both start and finish days.

Days in September	=	30	
Days in October	=	31	
Days to 14 November	=	14	
Total		75	

IT3	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/09/97 - 14/11/97	75		
			Total £	

Step 3 Look at table 1. Write the daily interest rate that matches the rate of interest to be charged in column 3. The rate of interest to be charged for the period 1/9/97 – 14/11/97 is 5%. So, the daily rate of charge is 0.000136612.

IT3	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/09/97 - 14/11/97	75	0.000136612	
			Total £	

Step 4 Multiply the number of days by the daily rate and then multiply that answer by the tax due. Write the interest payable in column 4.
75 x 0.000136612 x 5,000 = 51.23.

IT3	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/09/97 - 14/11/97	75	0.000136612	51 23
			Total £	51 23

Step 5 Copy £51.23 to the box for interest on tax that may not be paid by instalments in the calculation you are doing.

Example 2 ▸ The transfer took place on 14 July 1993. The papers and tax were sent to us on 21 January 1995. The tax due was £10,000. Following the same steps.

Step 1 Write the start and finish dates in column 1.

The date interest starts from for a transfer in July 1993 is 1 February in the next year. The start date is 1 February 1994 and the finish date 21 January 1995. Comparing this period to table 2, it covers the last two interest periods. So, there will be two interest periods.

- from 1 February 1994 to the end of the 4% interest period (5 October 1994), and
- the start of the next interest period (6 October 1994) to the finish date 21 January 1995.

IT3	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/02/94 - 05/10/94			
	06/10/94 - 21/01/95			
			Total	£

Step 2 Work out the number of days between the dates. Write this number in column 2, remembering to include both start and finish days.

Days between 1.2.94 and 5/10/94

Days in	February	=	28
	March	=	31
	April	=	30
	May	=	31
	June	=	30
	July	=	31
	August	=	31
	September	=	30
Days to 5 October		=	5
			247

Days between 6/10/94 and 21/1/95

Days from 6/10/94 to 31/10/94	=	26
Days in November	=	30
December	=	31
Days to 21 January	=	21
		108

IT3	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/02/94 - 05/10/94	247		
	06/10/94 - 21/01/95	108		
			Total	£

Step 3 Look at the table 2. Write the daily interest rate that matches the rate of interest to be charged in column 3. The rate of interest to be charged for the period 1/2/94 – 5/10/94 is 4%. So, the daily rate of charge is 0.000109290. The rate for the period 6/10/94 – 21/1/95 is 5%, so the daily rate of charge is 0.000136612.

IT3	Col 1	Col 2	Col 3	Col 4	
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable	
	01/02/94 - 05/10/94	247	0.000109290		
	06/10/94 - 21/01/95	108	0.000136612		
			Total	£	

Step 4 Multiply the number of days by the daily rate and then multiply that answer by the tax due. Write the interest payable in column 4.

247 x 0.000109290 x 10,000 = 269.95
108 x 0.000136612 x 10,000 = 147.54

IT3	Col 1	Col 2	Col 3	Col 4	
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable	
	01/02/94 - 05/10/94	247	0.000109290	269	95
	06/10/94 - 21/01/95	108	0.000136612	147	54
			Total	£ 147	54

Step 5 Copy £417.49 to the box for interest on tax that may not be paid by instalments in the tax calculation you are doing.

Working out the interest on tax being paid by instalments

▸ The interest that is due on the tax which may be paid by instalments will be charged in exactly the same way as the interest that is due on the tax in IT3. You can copy the details from the table IT3 into table IT5 and then work out the interest that is payable here. Copy the total interest that is payable to the box for interest on tax that may be paid by instalments in the calculation you are doing.

However, if more than one instalment is due, the interest charges in box IT3 and IT5 will be different. Examples 3 and 4 explain this difference.

What happens if more than one instalment is due

▸ If more than one instalment of tax is due, you will need to include some addtional interest charges. You can follow the same process as for table IT3. You will need to work out different start and end dates. The type of additional charge will depend on the type of asset on which the tax is being paid (see page **24** of this guide).

If the asset is land or buildings that does not qualify for agricultural relief, the additional interest charge arises on the whole of the tax that is to be

paid by instalments. The charge starts from the date tax first became due and ends on the date the most recent instalment now being paid was due. Fill in the interest table and work out the interest that is payable. To avoid a double charge to interest, the interest charge in box IT5 starts from the date the interest charge in box IT7 stops.

Example 3   ▶   The deceased died on 6 July 1994. The date tax is due is 28 February 1995. The tax being paid by instalments is £10,000. The first instalment of £1,000 is due on that date. The second is due on 29 February 1996 and so on.

The papers were sent to us on 18 June 1996 so that two instalments had to be paid at that time.

The interest charge in box IT5 will be on the tax for two instalments (£2,000). The interest charge starts from 1 March 1996 rather than 1st March 1995.

IT5	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/03/96 - 18/06/96	110	0.000136612	30 ¦ 05
			Total £	30 ¦ 05

The additional interest charge in box IT7 will be on the whole of the tax being paid by instalments (£10,000) from 1 March 1995 to 29 February 1996.

IT7	Col 1	Col 2	Col 3	Col 4
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable
	01/03/95 - 29/02/96	366	0.000136612	500 ¦ 00
			Total £	500 ¦ 00

Write the total from box IT7 in box IT8. Add box IT6 to box IT8 and write the total in box IT9. Copy the total interest that is payable from box IT9 to the box for interest on tax that may be paid by instalments in the calculation you are doing.

If the assets qualify for a reduced interest charge (see page **24** of this guide) interest is only charged on each instalment, as it falls due. You should include a separate interest charge in box IT5 for each instalment that is being paid. In column 1, the start date will be the date that each separate instalment is due. The end date for all the instalments will be the date that you expect to be sending the papers and tax to us. Work out the interest that is payable. Then copy the total interest that is payable to the box for interest on tax that may be paid by instalments, in the calculation you are doing.

Example 4

▶ Using the figures from the example above, there would be no interest charge in box IT5 and a charge for each of first two instalments of £1,000 in box IT7 as follows.

IT7	Col 1	Col 2	Col 3	Col 4	
	Start and end dates for interest periods	No. of days	Daily rate	Interest payable	
	01/03/95 - 18/06/96	476	0.000136612	65	03
	01/03/96 - 18/06/96	110	0.000136612	15	02
			Total £	80	05

Write the total interest in box IT9 and copy the figure to the box for interest on the tax that may be paid by instalments in the calculation you are doing.