
STATUTORY INSTRUMENTS

2021 No. 1167

INHERITANCE TAX

**The Inheritance Tax (Delivery of Accounts)
(Excepted Estates) (Amendment) Regulations 2021**

<i>Made</i>	- - - -	<i>20th October 2021</i>
<i>Laid before the House of Commons</i>	- - - -	<i>21st October 2021</i>
<i>Coming into force</i>	- -	<i>1st January 2022</i>

The Commissioners for Her Majesty’s Revenue and Customs make the following Regulations, in exercise of the powers conferred by sections 256(1), (1A) and (3) of the Inheritance Tax Act 1984⁽¹⁾ and now vested in them⁽²⁾.

In accordance with section 256(3A) of that Act⁽³⁾, they have consulted the Lord Chancellor, the Scottish Ministers and the Lord Chief Justice of Northern Ireland.

Citation, commencement, effect and interpretation

1.—(1) These Regulations may be cited as the Inheritance Tax (Delivery of Accounts) (Excepted Estates) (Amendment) Regulations 2021.

(2) These Regulations shall come into force on 1st January 2022, and shall have effect in relation to deaths occurring on or after that day.

(3) In these Regulations “the principal Regulations” means the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004⁽⁴⁾.

(1) 1984 c. 51. By virtue of section 100(1) and (2) of the Finance Act 1986 (c. 41), on and after 25th July 1986 the Capital Transfer Tax Act 1984 may be cited as the Inheritance Tax Act 1984, and any reference in that Act to capital transfer tax is to have effect as a reference to inheritance tax, except where the reference relates to a liability to tax arising before 25th July 1986. Section 256(1) of the Inheritance Tax Act 1984 (“IHTA 1984”) was amended by section 293(1) and (2) of the Finance Act 2004 (c. 12), and section 256(3) of IHTA 1984 was amended by section 293(1) and (5) of the Finance Act 2004.

(2) The powers under section 256(1) of IHTA 1984 are stated to be exercisable by the Board. The Board is defined in section 272 of that Act as “the Commissioners of Inland Revenue”. The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty’s Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50(1) of that Act provides that, insofar as is appropriate in consequence of section 5, a reference to the Commissioners of Inland Revenue (however expressed) shall be taken as a reference to the Commissioners for Her Majesty’s Revenue and Customs.

(3) Section 256(3A) was inserted by section 293(1) and (6) of the Finance Act 2004. It was then substituted by paragraph 176 of Schedule 4 to the Constitutional Reform Act 2005 (c. 4).

(4) S.I. 2004/2543 (“the 2004 Regulations”), amended by S.I. 2005/3230, 2006/2141, 2011/214, 2011/2226 and 2014/488.

Amendment of the principal Regulations

2. In regulation 2 (interpretation) of the principal Regulations, in the definition of “the prescribed period” in England, Wales and Northern Ireland, for “35 days” substitute “60 days”.

3.—(1) Regulation 4 (excepted estates) of the principal Regulations is amended as follows.

(2) In paragraph (2)—

(a) in sub-paragraph (c)(i), for “£150,000” substitute “£250,000”;

(b) in sub-paragraph (d), for “£150,000” substitute “£250,000”;

(c) for sub-paragraph (e) substitute—

“(e) the gross value of the estate for inheritance tax did not exceed the IHT threshold.”.

(3) In paragraph (3)—

(a) for sub-paragraph (c)(i) substitute—

“(i) not more than £1,000,000 represented value attributable to property which, immediately before that person’s death, was settled property, and of that settled property, not more than £250,000 represented value attributable to property other than property transferred on that person’s death by a spouse, civil partner or charity transfer; and”;

(b) in sub-paragraph (d), for “£150,000” substitute “£250,000”;

(c) for sub-paragraph (e) substitute—

“(e) the gross value of the estate for inheritance tax did not exceed £3,000,000;”;

(d) for sub-paragraph (f) substitute—

“(f) the net qualifying value of the estate does not exceed the IHT threshold.”.

(4) In paragraph (4) for “the value of B” substitute “in calculating the net qualifying value of the estate the value of EVT”.

(5) In paragraph (5)—

(a) in sub-paragraph (ba) omit “and”;

(b) after sub-paragraph (ba) insert—

“(bb) that person was not beneficially entitled to any property to which paragraph 2 or 3 of Part 1 or paragraph 5 of Part 2 of Schedule A1 to the 1984 Act⁽⁵⁾ applies;

(bc) subject to paragraph (7A), that person died without having made any chargeable transfers during the period of seven years ending with his death; and”.

(6) In paragraph (6)—

(a) for “(2) and (3)” substitute “(2), (3) and (4)”;

(b) before “specified transfers” insert—

““gross value of the estate for inheritance tax” means the aggregate of—

(a) the gross value of a person’s estate,

(b) subject to paragraph (7), the value transferred by any specified transfers made by that person, and

(c) the value transferred by any specified exempt transfers made by that person;

(5) Schedule A1 to IHTA 1984 was inserted by section 33 of, and paragraph 1 of Schedule 10 to, the Finance (No. 2) Act 2017 (c. 32). Regulation 2 of the 2004 Regulations provides that, in those Regulations, “the 1984 Act” means IHTA 1984.

“net value of the estate for inheritance tax” means the aggregate of—

GV – L

where—

GV is the gross value of the estate for inheritance tax, and

L, subject to paragraph (7B), is the total liabilities of the estate;

“net qualifying value of the estate” means the aggregate of—

NV – EVT

where—

NV is net value of the estate for inheritance tax, and

EVT, subject to paragraph (4), is the total value transferred on that person’s death by a spouse, civil partner or charity transfer;”.

(7) In paragraph (7) for “(2)(d) and (e) and (3)(d) and (e)” substitute “(2)(d), (3)(d) and (6)”.

(8) In paragraph (7A) for “(2)(d) and (e), (3)(d) and (e) and (6)” substitute “(2)(d), (3)(d), (5) and (6),”.

(9) In paragraph (7B) for “(3)(f)” substitute “(6)”.

(10) Omit paragraph (8).

4. In Regulation 5A (IHT threshold) of the principal Regulations, in paragraph (2) and paragraph (3)(d)(i), for “100 per cent” substitute “the percentage as determined under section 8A(4) of the 1984 Act (subject to section 8A(5) and section 8C of that Act)”.

5. For regulation 6 of the principal Regulations and its heading substitute—

“Production of information: deceased domiciled in the United Kingdom

6.—(1) Subject to paragraph (3), and where the circumstances prescribed by regulation 4(2) or 4(3) apply, a person who by virtue of these Regulations is not required to deliver to the Board an account under section 216 of the 1984 Act of the property comprised in an excepted estate, must produce the information specified in paragraph (2) to the Board in such form as the Board may prescribe.

(2) The information specified for the purpose of paragraph (1) is—

(a) the following details in relation to the deceased—

(i) full name;

(ii) date of death; and

(b) the following details in relation to the deceased’s estate—

(i) the gross value of the estate for inheritance tax;

(ii) the net value of the estate for inheritance tax;

(iii) the net qualifying value of the estate; and

(iv) a declaration that the estate is an excepted estate.

(3) Paragraph (1) does not apply if the information specified in paragraph (2) has been produced in an account under section 216 of the 1984 Act of the property comprised in the excepted estate that has been delivered to the Board.

(4) In this regulation “gross value of the estate for inheritance tax”, “net value of the estate for inheritance tax” and “net qualifying value of the estate” have the same meaning as in regulation 4.”.

6. After regulation 6 (Production of information: deceased domiciled in the United Kingdom) of the principal Regulations insert—

“Production of information: deceased domiciled outside the United Kingdom

6A.—(1) Subject to paragraph (3), and where the circumstances prescribed by regulation 4(5) apply, a person who by virtue of these Regulations is not required to deliver to the Board an account under section 216 of the 1984 Act of the property comprised in an excepted estate must produce the information specified in paragraph (2) to the Board in such form as the Board may prescribe.

(2) The information specified for the purpose of paragraph (1) is the following details in relation to the deceased—

- (a) full name;
- (b) date of death;
- (c) marital or civil partnership status;
- (d) occupation;
- (e) any surviving spouse or civil partner, parent, brother or sister;
- (f) the number of surviving children, step-children, adopted children or grandchildren;
- (g) domicile and address;
- (h) details (including value) of all cash and quoted shares or securities situated in the United Kingdom to which the deceased was beneficially entitled; and
- (i) the liabilities of the estate which fall to be discharged in the United Kingdom.

(3) Paragraph (1) does not apply to the extent that the information specified in paragraph (2) has been produced in an account under section 216 of the 1984 Act of the property comprised in the excepted estate that has been delivered to the Board.”.

7. Before Regulation 7 insert the heading “Production of information to the Board”.

8.—(1) Regulation 7 of the principal Regulations is amended as follows.

- (2) In paragraph (1) for “regulation 6(2) and (2A)” substitute “regulation 6(2) or 6A(2)”.
- (3) In paragraph (3) for “one week” substitute “one month”.

20th October 2021

Jim Harra
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Two of the Commissioners for Her Majesty’s
Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations, which come into force on 1st January 2022, amend the Inheritance Tax (Delivery of Accounts) (Excepted Estates) Regulations 2004 (S.I. 2004/2543) (“the principal Regulations”).

Regulation 2 amends the definition of “the prescribed period” applying to the principal Regulations to extend this to 60 days in England, Wales and Northern Ireland.

Regulation 3 amends regulation 4 of the principal Regulations, and the amendments fall into four main categories. The first amendment raises the value limits specified in the principal Regulations from £150,000 to £250,000. The second amendment concerns trust property, and introduces a limit on trust property of £1million, of which no more than £250,000 is property transferred on that person’s death other than by a spouse, civil partner or charity transfer. The third amendment adds a new requirement in relation to beneficial entitlement to property, and clarifies the position on chargeable transfers for non-UK domiciled estates. The fourth amendment is the introduction of new defined terms including “gross value of the estate for inheritance tax”, “net value of the estate for inheritance tax” and “net qualifying value of the estate”, and resulting consequential amendments.

Regulation 4 amends regulation 5A of the principal Regulations so that the multiplier to the nil rate band reflects that calculated under subsection 8A(4) of the Inheritance Tax Act 1984 (c. 51) (“the 1984 Act”).

Regulations 5 and 6 substitute a new regulation for regulation 6 of the principal Regulations and insert a new regulation 6A. New regulations 6 and 6A set out the information which should be produced to the Commissioners for Her Majesty’s Revenue and Customs in circumstances where a person is not required to produce an inheritance tax account to them under section 216 of the 1984 Act. New regulations 6 and 6A introduce different requirements for producing information to the Commissioners based on the domicile status of the deceased at the time of their death, which is determined by whether they meet the circumstances prescribed by regulation 4(2), 4(3) or 4(5) of the principal Regulations.

Regulation 7 provides a new heading for regulation 7 of the principal Regulations.

Regulation 8 amends regulation 7 of the principal Regulations. Paragraph (2) makes consequential changes to regulation 7(1) as a result of the new regulations 6 and 6A, and paragraph (3) extends the mandatory time period in which information is to be produced to the Commissioners of HMRC to within one month of the issue of the grant of probate or confirmation.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.