

## **Bradford & Bingley – Inheritance Tax relief**

### ***Questions and answers***

#### **Q. Who does this apply to?**

- A. It applies potentially to the personal representatives of estates where
- The deceased died in the 12 months prior to 29 September 2008; **and**
  - The deceased owned shares in Bradford & Bingley when they died; **and**
  - The personal representatives still held the shares when they were taken into public ownership on 29 September 2008.

#### **Q. How am I, as executor of such an estate, affected?**

A. The treatment effectively means that for the purpose of making a claim for IHT 'loss on sale' relief, a holding of Bradford & Bingley shares can be treated as if they had been sold for £1.

#### **Q. Does that mean I'm due a refund of IHT?**

A. That depends on whether there is a net loss from all the sales of qualifying shares (i.e. shares listed on a recognised stock exchange) by the personal representatives including the deemed loss on transfer of the Bradford & Bingley shares.

#### **Q. How does the 'loss on sale' relief work?**

A. If qualifying shares (shares listed on a recognised stock exchange) are sold (or can be treated as sold) within one year of the date of death for less than the value on which IHT was paid, you may be able to claim relief for loss on sale of shares using form IHT35 (<http://www.hmrc.gov.uk/cto/forms/iht35.pdf>). Full instructions for making the claim are given on the form.

#### **Q. The concessionary treatment would have applied except that I actually sold the Bradford & Bingley shares before 29 September 2008: can I substitute the £1 deemed sale proceeds for the actual sale proceeds?**

A. No. If you had already sold the shares before 29 September 2008, you must use the actual sale proceeds when you are completing the IHT35 claim form.

**Q. Why does the concessionary treatment apply only where the deceased died within the 12 months prior to 29 September 2008?**

A. Where the deceased died more than 12 months before 29 September 2008, the full 12 month period during which the 'loss on sale' relief applies will have expired before Bradford & Bingley shares were taken into public ownership. And where the deceased died on or after 29 September 2008, the estate of the deceased will not include shares in Bradford & Bingley, but a right to compensation.

**Q. Will the IHT 'loss on sale' relief calculation be revised once the Bradford & Bingley compensation has been fixed?**

A. No.

**Q. Will HMRC be reviewing their records to ascertain which estates contained holdings of Bradford & Bingley shares?**

A. HMRC's records do not enable estates that included a holding of Bradford & Bingley shares to be identified. So Personal Representatives will need to apply for relief on form IHT 35, as stated above.

**Q. I have already claimed 'loss on sale' relief for sales of other qualifying shares and received an IHT refund. Can I now make a claim for the Bradford & Bingley shares?**

A. Yes (assuming of course that the Bradford & Bingley shares were still held by the personal representatives immediately before 29 September 2008). You should use the IHT 35, as stated above.

**Q. Following the Treasury's acquisition of Bradford & Bingley shares, I made a claim for relief, which HMRC rejected because the shares had not actually been sold. Will HMRC automatically review my case?**

A. HMRC's records do not enable cases where a claim may have been made in respect of Bradford & Bingley shares, and rejected, to be identified. So you should write to the HMRC Inheritance Tax office that dealt with the original claim and ask for the claim to be reviewed.

***If you have any further queries, you should contact the IHT and Probate helpline on 0845 30 20 900.***