

Introduction

You should make an election using form IHT 500 if:

- you are liable to pay income tax on the benefit you receive from enjoying property you previously owned **and**
- the previously owned property is not part of your estate for inheritance tax purposes **but**
- you want to elect for that property to form part of your estate for inheritance tax purposes and not to be liable for the income tax charge.

You should check the Inland Revenue guidance about Pre-owned assets on the Internet at www.inlandrevenue.gov.uk to help you decide whether you are liable to pay the income tax charge and are eligible to make an election.

If you have any questions about inheritance tax and making an election using this form, you should telephone our Helpline on 0845 30 20 900.

When the election may be made

You must make the election no later than 31st January in the year following the first year in which you are liable to pay the income tax charge. For example, if you are liable to pay income tax on the benefit you receive from the previously owned asset during the tax year 2005-06, you have until 31st January 2007 to make the election. The election will then have effect from 2005-06.

In certain circumstances an election made after that date may be accepted but you will need to show a reasonable excuse for not having made the election earlier. The guidance on the Internet provides more information.

Where to send the election

All elections relating to tax on previously owned assets must be sent to:

Pre-owned Assets Section
Inland Revenue Capital Taxes
PO Box 38
Castle Meadow Road
Nottingham
NG2 1BB

The Document Exchange address is DX 701201 Nottingham 4.

We recommend that you keep a copy of the form for your records. Your tax advisers and your executors or administrators will need to know that you have made the election when they deal with your tax affairs.

Filling in form IHT 500

You should complete a separate form IHT 500 for each previously owned asset. However, where a group of assets are subject to the same interest (for example a collection of chattels or intangible property held on the same trusts) you may use one form for the assets. Please complete a separate form for the different types of property, that is land, chattels or intangible.

About the person making the election

Please provide as much of the information in this section as you can. We need the information to:

- Inform your tax office that you have made the election
- Record the election so that we can link it to other information about your estate which you or your personal representatives subsequently provide
- Contact you if we have any questions about the election.

Note that it is the person who is liable to the income tax charge who must make the election. Where people jointly own property subject to the income tax charge they must each make a separate election.

About the property subject to the election

Tick the appropriate box to identify whether the property is land, a chattel or intangible. Please complete a separate form for each category of property.

Description of the property

Please provide a description of the property that will enable it to be uniquely identified.

For ***an interest in land***, state the full postal address or provide a full description which allows the land to be identified. If it is appropriate you may attach a plan of the land. Please ensure you include the post code.

For ***a chattel***, provide a description of the item that allows it to be identified. Include information such as artist, author or maker, size and date. You may provide a colour photograph of the item. Any photograph should be noted on the reverse stating the item to which it relates.

For ***intangible property***, include information to identify the asset, for example policy number and name of the policy provider.

If there is insufficient space to describe the property attach a separate sheet. Please ensure that all attachments, plans or photographs are marked with your name and address and either your date of birth, UTR or National Insurance number.

The legal owners of the property

State here the names and addresses of the current legal owners of the property. For example, where property is held in a trust you should state the names and addresses of the trustees of the trust.

Nature and extent of your interest in the property

State here how much of the property you have an interest in, for example the whole or a half share.

State also how you are entitled to that interest. For example if you are the life tenant of a trust which holds the property, provide details of who made the trust and when. Do not provide copies of any trust documents at this stage. We will ask you for documentation if we need to see it.

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| Name(s) of anyone else who receives a benefit from the property | If someone else, for example your spouse or a relative, also benefits from the property provide their name and address and state the nature and extent of their interest. |
| Details of disposal(s) and contribution(s) | Enter here the date(s) and extent of the disposals and contributions which gave rise to the income tax charge on the previously owned asset. Our guidance on the Internet provides more detailed information about disposals and contributions. |
| Whether the property is conditionally exempt from inheritance tax or capital gains tax on an earlier event | <p>If the property subject to the election has been granted conditional exemption for inheritance tax or capital gains tax purposes, provide details of the event for which the exemption was granted including the name and date of death of the deceased and the Capital Taxes or other tax reference if known.</p> <p>If the property is subject to an ongoing claim for conditional exemption provide details and any Capital Taxes reference.</p> |
| The election | The form must be signed and dated by the person making the election. If the person making the election is unable to act for themselves and is acting through an attorney under authority of a General or Enduring Power of Attorney, the attorney may sign on their behalf. However, they must indicate on the form that they sign in that capacity. |
| Year of assessment from which the election applies | Insert in the box the initial income tax year of assessment from which the election applies. |
| Withdrawing an election | <p>If you have made an election but want to withdraw it, you may do so but you must do it on or before the appropriate 31st January deadline. There is no form for withdrawing the election. You should write to the same address where you sent the election form stating that you wish to withdraw the election.</p> <p>Please ensure you state your name and address and either your date of birth, UTR or National Insurance number and the description of the property to which the election related. If you have a copy of the original form of election, it may help if you send a copy with your letter of withdrawal.</p> |

The law about the charge to income tax on benefits received by a former owner of property is contained in Schedule 15 to the Finance Act 2004. The law about elections is in paragraphs 21 to 23 of Schedule 15.