

Bereavement and tax

Guidance for advisers in third sector and voluntary organisations

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Introduction

People often have little idea what needs to be done to sort out the tax affairs of relatives who have died. This document is for advisers in third sector and voluntary organisations who may be in contact with recently-bereaved citizens. It addresses the most common concerns that people have about sorting out:

- the tax affairs of the deceased
- their estate
- the impacts of a death on the tax position of widow(er)s, surviving partners and other family members

This guidance is mainly about Income Tax and Capital Gains Tax. For further information about other taxes, benefits or credits administered by HM Revenue & Customs (such as National Insurance, Child Benefit, tax credits, Student Loans and Child Trust Funds) please refer to www.hmrc.gov.uk.

This document is intended as general guidance only. In cases of doubt or difficulty the person concerned should contact the appropriate HMRC helpline. The helpline numbers are included where relevant and a table at Section 34 gives details of opening hours and textphone numbers.

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Contacting HMRC

1. Telling HMRC about the death

Somebody should tell HM Revenue & Customs (HMRC) when a person dies, even if the Department for Work and Pensions (DWP) has already been told.

HMRC will check to see if:

- there is tax to repay to the estate (this includes tax taken off pension, wages or bank interest)
- any tax is owed to HMRC

Relatives or personal representatives can tell HMRC about the death by various ways.

- They can use the Tell Us Once process. Some local authorities run a service that lets people tell government organisations just once about a person's death. This information is then shared with other departments and services that need to be told.

If this local service is used, there is no need to tell HMRC about the death as the Tell Us Once service will do this.

Link: Directgov: [Telling government someone has died](http://www.direct.gov.uk/en/NI1/Newsroom/DG_188740)
http://www.direct.gov.uk/en/NI1/Newsroom/DG_188740

- They can tell HMRC by calling the HMRC Bereavement Helpline on 0845 300 0627. When an automated message begins select option 2, and then option 4 to speak to an advisor on the Bereavement Helpline 8.00 am to 8.00 pm, Monday to Friday, and 8.00 am to 4.00 pm Saturday. They can write to HMRC. The address to use to notify us that someone has died is

HM Revenue & Customs
Pay As You Earn & Self Assessment
PO Box 4000
Cardiff
CF14 8HR

HMRC will need to know the name and address of the deceased. It will help to know both:

- the deceased's date of birth and National Insurance number or Unique Taxpayer Reference (for Self Assessment customers)
- the name and address of the person, called the personal representative, who will be responsible for sorting out the financial affairs of the person who died (Section 4 explains more about personal representatives.)

There is no need to send copies of the death certificate, will or any other documents. HMRC will ask for documents if needed.

For details of HMRC services for customers with particular needs, see Section 33.

2. Death of a person who was an employer

If the person who died employed anyone, either as part of a business or in a private or domestic capacity, they may have been deducting Pay As You Earn (PAYE) tax from wages and paying it over to HMRC each month or each quarter.

If the deceased received money under Direct Payment arrangements, and used all or part of this to pay for care or support services, they may have been deducting PAYE tax from money paid to carers.

Where the deceased was (or might have been) responsible for accounting to HMRC for PAYE tax the personal representative should contact the Employer Helpline on **08457 143 143**.

Link: Directgov: [Direct payments for care and services](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/Disabledpeople/DG_10018721)
http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/Disabledpeople/DG_10018721

3. Death of someone who appears not to have paid tax or who did not pay tax

Someone should tell HMRC about the death even if it seems likely that the deceased did not pay tax.

This is so that HMRC can check their records and bring them up to date. It may be that HMRC records show that tax has been paid (for example on pensions or wages) and a repayment may be due to the estate. Section 1 explains how to tell HMRC about the death.

Who HMRC will deal with

4. The person responsible for sorting out any outstanding tax issues after someone dies

Any close relative can tell HMRC about a death. But after that, if there are outstanding tax affairs to sort out, HMRC can only deal with either of the following:

- the 'personal representative' – this person may also be called an 'executor' or 'administrator', (see table below)

- someone authorised by the personal representative to act on their behalf (see Section 5)

There is a will	There is no will
An executor named in the will	The person who all of the people entitled to a share in the estate have agreed can act as personal representative. There is no will and no one will be applying for letters of administration or (in Scotland) confirmation.
The person who is or expects to be appointed administrator or (in Scotland) executor-dative There is a will but no one is acting as executor.	The person who is or expects to be appointed administrator or (in Scotland) executor-dative.

Link: Directgov: [Wills and Probate](http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/Preparation/index.htm)
<http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/Preparation/index.htm>

5. Authorising someone else to act on behalf of the personal representative

If the personal representative wants HMRC to deal with someone else to sort out any outstanding tax affairs they will need to write and tell HMRC.

They will need to do this whether the person they want HMRC to deal with is either:

- acting in a professional capacity – for example, a solicitor or accountant
- helping out on a more informal basis – for example, a relative, friend or neighbour

Where the person who died had previously authorised someone to deal with HMRC on their behalf, that authority will end at the date of death. Once HMRC knows about the death they will stop discussing tax matters relating to the deceased with anyone other than the personal representative or someone authorised by the personal representative to act on their behalf. This applies to authorities given to accountants, tax advisers and solicitors, as well as to cases in which someone held a Power of Attorney over the tax affairs of the deceased. They will stop getting correspondence, copy notices and statements unless the personal representative sends in a new authority.

The personal representative can authorise someone else to act on their behalf by completing the relevant part of the form R27.

If the personal representative has not completed an R27, but still wishes to authorise someone else to act on their behalf, they will need to complete a form 64-8.

Link: HMRC: [64-8 Authorising your agent](http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?formid=14&record=cZuAgB_KEpk)
http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?formid=14&record=cZuAgB_KEpk

6. Calling HMRC on behalf of the personal representative

If the personal representative needs help with a telephone call to HMRC, the helpline adviser will first need to verify the identity of the personal representative. With successful verification, and the consent of the personal representative, the third party can continue the call. The Taxes Helpline number is **0845 300 0627**

Link: HMRC: [How to deal with HM Revenue & Customs for someone else](http://www.hmrc.gov.uk/dealingwith/dealing-with.htm)
<http://www.hmrc.gov.uk/dealingwith/dealing-with.htm>

Dealing with tax to the date of death

7. Reclaiming Income Tax using form R27 (Reclaiming tax or paying tax when someone dies)

When HMRC is told that someone has died, they will normally send a form R27 to the personal representative if the deceased paid tax during their lifetime. For example, if HMRC know that tax was deducted from pensions, wages or bank interest.

The duties of the personal representative include collecting in all money owed to the estate, and this will often include a repayment of Income Tax paid during the deceased's lifetime.

Form R27 includes a claim for HMRC to pay back any tax due to the estate. It also allows the personal representative to ask HMRC to make the repayment to someone else and asks for information about the estate of the person who has died.

From April 2012 the form has been updated to include information about a surviving spouse/civil partner. The personal representative can now also authorise someone else to act on their behalf on the form R27.

Any tax repaid by HMRC forms part of the deceased's estate. If there is tax owed to HMRC it is paid out of the estate (see Section 18).

The personal representative should complete and return the form so that HMRC can work out if any repayment is due or if tax is owed. HMRC will write back to the personal representative once it has dealt with the form – usually within four weeks of receiving it.

Links: Directgov: [Dealing with a deceased person's money and property](http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/Preparation/DG_10029468)
http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/Preparation/DG_10029468

Directgov: [What to do about debts owed to the deceased](http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/BenefitsAndMoney/DG_10029453)
http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/BenefitsAndMoney/DG_10029453

8. The likely repayment is very small – is form R27 necessary?

HMRC cannot insist on form R27 being completed. But the personal representative should be aware that:

- Form R27 asks for information about the personal representative and the estate, not just about income and capital gains to the date of death. It helps HMRC if those parts of the form are filled in and returned even if other parts are left blank.

- If it turns out that tax is owed to HMRC and the personal representative has distributed the estate without paying it, they may have to pay the tax out of their own pocket.
- The personal representative may need to explain to other people owed money by the estate (for example, beneficiaries or creditors) that it was reasonable not to claim the repayment. This is because the personal representative has a duty to the beneficiaries to manage the estate in their best interests.
- Form R27 asks for information relating to a surviving spouse/civil partner to help them get their tax right if they are getting new income or benefits following bereavement.

9. Getting hold of form R27

If HMRC knows who is acting as personal representative, they will send a form R27 to that person. If they don't know, they will send the form to the address shown on their records for the deceased.

But the personal representative does not have to wait for the form to be sent to them. Form R27 can also be downloaded from the HMRC website or alternatively you can phone the Bereavement Helpline to receive a paper copy of the form.

Link: HMRC: [R27 Reclaiming tax or paying tax when someone dies](http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=x-Y-oBoX_Qs&formId=815)
http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=x-Y-oBoX_Qs&formId=815

10. Help with completing form R27

Explanatory notes are available to help with completing form R27. You can download the notes using the link below. Alternatively for help completing form R27 phone the Bereavement Taxes Helpline on **0845 300 0627**. If it is not possible to provide help over the phone an appointment can be made to talk to an adviser in person at a local Enquiry Centre.

The personal representative does not have to return the completed R27 immediately; if HMRC has issued the form they will normally send a reminder if it is not returned within about 12 weeks.

If the deceased had to fill in tax returns while they were alive it may help the personal representative (or their authorised agent) completing form R27 to have a copy of the last completed tax return. They can ask for a copy by calling the Bereavement Helpline. If the identity of the personal representative has not previously been checked by HMRC, the request will need to be in writing to

HM Revenue & Customs
 Pay As You Earn & Self Assessment
 PO Box 4000
 Cardiff
 CF14 8HR

See also Section 32: 'Sources of free independent tax advice'.

Links: HMRC: [R27 Reclaiming tax or paying tax when someone dies](http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=x-Y-oBoX_Qs&formId=815)
http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=x-Y-oBoX_Qs&formId=815

Directgov: [Sorting out someone's tax affairs after they die](http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/BenefitsAndMoney/DG_10029815)
http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/BenefitsAndMoney/DG_10029815

11. If the deceased used to complete a form R40 (Claim for repayment of tax deducted from savings and investments)

Some people with low or modest incomes are able to claim back tax taken off income paid to them - for example, tax deducted from bank interest. They make these claims by sending in a form R40.

This form can also be completed by the personal representative to claim a repayment of tax for the year in which a person died. The personal representative can choose whether to claim back tax paid for the year of death using form R40 or form R27 ('Reclaiming tax or paying tax when someone dies'). If they do complete the R40 they will still need to complete form R27 although they can ignore boxes 17 through to 40 on the R27 as the information in these boxes will have been covered on form R40.

Form R40 can be downloaded from the HMRC website or ordered from the Forms Orderline on **0845 900 0404**.

The personal representative should send the completed form R40 along with form R27 to the deceased's tax office. The address will be found on recent tax forms or letters to the person who died, and '[Contact us](#)'

If the personal representative chooses to claim the repayment by filling in a form R40, they need not fill in the part of the form R27 that asks for details of income and allowances. But HMRC may still ask them to fill in the parts of the form R27 that ask for information about the personal representative and the estate.

Links HMRC: [R40 - Claim for repayment of tax deducted from savings and investments](http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=pf-A5D0R72E&formId=818)
<http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=pf-A5D0R72E&formId=818>

HMRC: [Claiming back Income Tax on behalf of someone who has died](http://www.hmrc.gov.uk/incometax/claim-for-deceased.htm)
<http://www.hmrc.gov.uk/incometax/claim-for-deceased.htm>

12. Situations where form R27 cannot cover the deceased's circumstances – need for a tax return

When a person's tax affairs are not straightforward, the form R27 may not give HMRC all the information they need. In these cases, HMRC will ask the personal representative to complete a tax return as well.

This often happens where any of the following applied. The deceased:

- ran their own business
- received rent from property
- had significant capital gains

Form R27 includes a number of questions to help identify if a Self Assessment tax return is required for the period covered by the form.

13. Telling HMRC about mistakes

The information in form R27 (Reclaiming tax or paying tax when someone dies) will allow HMRC to work out what tax needs to be repaid or collected for the year in which the person died.

If the personal representative realises after sending the form in to HMRC that some of the information on the form was incorrect or incomplete they should write to advise of the correct details, as soon as possible, to

HM Revenue & Customs
Pay As You Earn & Self Assessment
PO Box 4000
Cardiff
CF14 8HR

They should remember to quote the National Insurance number or Unique Taxpayer Reference (10 digits) of the deceased.

14. How to find out the amount of taxable State Pension to the date of death

The Pension Service will be able to advise the amount of taxable pension that was paid to the deceased up to the date of death.

The Pension Service is part of the Department for Work and Pensions and pays Pension Credit and State Pension. They should be told when a person who received either of these benefits dies. The Pension Service can be contacted on

0845 606 0265, Monday to Friday 8:00 am to 8:00 pm.

The caller will need to provide the name, address, date of birth and National Insurance number (if known) of the person who has died. The caller does not need to know the amount of State Pension or Pension Credit that was paid to the person who has died.

15. Which state benefits are taxable and which not?

Some state benefits and allowances are taxable, others are not. The tax treatment of some of the more common benefits/allowances is shown here. For details about the treatment of any others check the Directgov website.

Taxable

Bereavement Allowance
Carer's Allowance
Jobseeker's Allowance
State Retirement Pension
Statutory Sick Pay
Widowed Parent's Allowance

Non-taxable

Attendance Allowance
Bereavement Payment
Cold Weather Payments
Council Tax Benefit
Disability Living Allowance
Housing Benefit
Pension Credit
Winter Fuel Payment

Link: Directgov: [How benefits are taxed](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/TaxOnBenefitsPensionsAndMaintenance/DG_10027059)
http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/TaxOnBenefitsPensionsAndMaintenance/DG_10027059

16. Life insurance gains and 'chargeable events'

Form R27 asks for details of 'chargeable events'. These relate to money paid out by life insurance companies.

Many policies will pay out when the policy holder dies. UK insurers must issue a certificate showing the amount of any chargeable event gain when they know such a gain has been made. So where the policy was with a UK insurer the personal representative should be told about any gains. Foreign insurers may also issue a certificate showing a chargeable event gain but not all will, so the personal representative may need to work out the amount of any chargeable event gains where a policy was with a foreign insurer.

HMRC Help sheets 320 (Gains on UK life insurance policies) and 321 (Gains on foreign life insurance policies) are available on the HMRC website or from the Forms Orderline on **0845 900 0404**.

If more information or advice is needed call the Taxes Helpline on **0845 300 0627**

Link: HMRC: [Self Assessment: Tax Return Forms, Notes and Helpsheets available to view or download](http://www.hmrc.gov.uk/sa/forms/content.htm)
<http://www.hmrc.gov.uk/sa/forms/content.htm>

17. Uncompleted Self Assessment tax returns

Sometimes a person dies without completing all the tax returns that HMRC has issued to them. If this happens, and HMRC has not been told of the death, an automatic penalty notice may be issued. If a penalty notice is received the personal representative should send it back to HMRC with a note of the circumstances.

If a personal representative finds an uncompleted tax return in the deceased's possessions they should not fill it in. Instead, they should tell HMRC who will arrange for a new tax return to be sent to the personal representative. This is to meet strict rules on the issue of tax returns. Phone the Taxes Helpline on **0845 300 0627**.

If there is tax to pay

18. Tax to pay but not enough money or assets in the Estate

If someone dies with outstanding tax owing to HMRC the tax is paid out of the Estate – whether from money left when the person died or from the sale proceeds of assets left behind. It does not come out of the pocket of the personal representative.

If the value of the estate is not enough to pay all the tax owed the personal representative needs to write to HMRC and include details of the assets and liabilities in the Estate. The address to write to will be on the correspondence setting out the amount of tax owed to HMRC. The letter should explain that there are no or insufficient assets held in the estate to pay all of what is owed.

Link: Directgov: [What happens to debts when someone dies?](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingDebt/DebtsAndArrears/DG_10013093)
http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingDebt/DebtsAndArrears/DG_10013093

19. Tax to pay but cannot access money while waiting for probate

Sometimes it takes time for a personal representative to get control over money in the estate of the person who died. Most commonly, where probate, (letters of administration or (in Scotland) confirmation) is needed but has not yet been granted.

If the estate owes tax to HMRC and the personal representative cannot access the money to pay what is owed, they should tell HMRC as soon as possible. The address to write to will be on the correspondence setting out the amount of tax owed to HMRC.

For help and advice about payment dates and interest phone the Business Payment Support Service Helpline on **0845 302 1435**.

20. Unpaid tax: dates from which interest is charged

If someone owes tax to HMRC at the time they died interest is charged in the normal way until the tax is paid.

But if tax first becomes due for payment after the person dies, the rules for when it has to be paid, and the dates from which interest is charged are relaxed. This is to recognise that the personal representative may not be able to get control of the money in the estate until probate, letters of administration or (in Scotland) confirmation has been granted.

For help and advice about payment dates and interest phone the Business Payment Support Service Helpline on **0845 302 1435**.

Estate: Income, assets, gains and trusts

21. The 'estate' and 'period of administration'

The deceased person's 'estate' is all the money, possessions, savings, land and property they held at the date of their death.

For tax purposes, the period of administration begins the day after the date of death and ends when the personal representatives are ready to complete the administration of the estate. This means they will have done all of the following:

- collected in all of the estate's assets
- identified all the money that needs to be paid out of the estate to settle any outstanding debts (for example: bills and credit card balances)
- settled those outstanding debts or ensured that there is enough money left in the estate to settle them
- transferred the assets in the estate to the beneficiaries

In some cases it can be difficult to tell precisely when the period of administration has ended. Personal representatives can get general advice on this from HMRC's Deceased Estates Helpline on **0845 604 6455**. But if the issue concerns specific circumstances then professional advice may be needed.

22. Tax treatment of income received and/or capital gains made by the estate during the period of administration

The estate may have to pay tax on:

- income that arises from investments or property that are part of the estate, or

- capital gains made from sales of assets (for example, property or shares), if the value of the asset has gone up between the date of death and the time the estate sells it.

The most common occasions on which estates have to pay tax are when they receive:

- interest on
 - money held in a solicitor's client account
 - National Savings Bank Investment Account or Bonds
 - government stocks and securities ('gilts')
- rents from letting out land or property
- profits from a business

The estate does **not** have to pay tax on income that is received with tax already taken off (for example, most bank and building society interest) or on dividends paid by UK companies.

If the personal representative thinks there may be tax to pay for the period of administration they should contact the HMRC's Deceased Estates Helpline, on **0845 604 6455**, or seek professional advice.

Where the estate includes property, such as a house or flat, personal representatives need to be aware that there may be tax to pay on rental income, or Capital Gains Tax to pay when the property is finally sold by them.

Links: HMRC: [A guide to understanding tax when someone dies](http://www.hmrc.gov.uk/trusts/tax-when-someone-dies.htm)
<http://www.hmrc.gov.uk/trusts/tax-when-someone-dies.htm>

HMRC: [FAQs about a deceased person's estate](http://www.hmrc.gov.uk/trusts/faqs_list_2.htm)
http://www.hmrc.gov.uk/trusts/faqs_list_2.htm

23. If the deceased still had assets, savings or property abroad when they died

The tax rules that apply to income received from assets abroad and disposal of assets held abroad are complex. HMRC Helpsheet 282 Death, personal representatives and legatees provides an introduction. If in any doubt about the estate's particular circumstances the personal representative should ask a tax adviser.

Links: HMRC: [Self Assessment: Forms, Notes and Helpsheets](http://www.hmrc.gov.uk/sa/forms/content.htm)
<http://www.hmrc.gov.uk/sa/forms/content.htm>

HMRC: [HS282 - Death, personal representatives and legatees \(2011\)](http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=IEK4gYBBEjw&formId=3690)
<http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=IEK4gYBBEjw&formId=3690>

24. Trusts

Sometimes a trust will be set up under the terms of the will or (where there is no will) under the rules of intestacy that apply in England and Wales. In such cases the personal representative should:

- let HMRC know that a trust has been set up by ticking the appropriate box on form R27 (Reclaiming tax or paying tax when someone dies)

- if they have any questions about how the trust will be taxed, call the Trusts Helpline on **0845 604 6455**.

Links: HMRC: [A guide to understanding tax when someone dies](http://www.hmrc.gov.uk/trusts/tax-when-someone-dies.htm)
<http://www.hmrc.gov.uk/trusts/tax-when-someone-dies.htm>

HMRC: [Contacting HMRC for help with tax on trusts](http://search2.hmrc.gov.uk/kb5/hmrc/contactus/view.page?record=wsxrNQaOrGg)
<http://search2.hmrc.gov.uk/kb5/hmrc/contactus/view.page?record=wsxrNQaOrGg>

Directgov: [Inheriting private property](http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/BenefitsAndMoney/DG_10029744)
http://www.direct.gov.uk/en/Governmentcitizensandrights/Death/BenefitsAndMoney/DG_10029744

25. Inheritance Tax

Only the largest estates have to pay Inheritance Tax. It will become clear whether an estate needs to pay Inheritance Tax during the process of applying for probate or letters of administration or (in Scotland) confirmation.

However, even if there is no Inheritance Tax to pay, the personal representative will usually need to complete form IHT205 or form IHT400 before probate/letters of administration/confirmation will be granted. These Inheritance Tax forms can be downloaded from the HMRC website.

The Inheritance Tax threshold (or 'nil rate band') is the amount up to which an estate will have no Inheritance Tax to pay (£325,000 for the year starting 6 April 2012). The final link in this section shows the current threshold. If the person who died had survived a previous marriage or civil partnership the threshold could be up to twice this amount.

In valuing the estate for Inheritance Tax purposes, HMRC take account of any assets held in trust and gifts made within the seven years preceding the death.

For more information about Inheritance Tax contact the Probate and Inheritance Tax Helpline on **0845 3020 900**.

Links: HMRC: [Inheritance tax and the probate process](http://www.hmrc.gov.uk/inheritancetax/intro/probate-process.htm)
<http://www.hmrc.gov.uk/inheritancetax/intro/probate-process.htm>

HMRC: [Transferring an unused IHT threshold](http://www.hmrc.gov.uk/inheritancetax/intro/transfer-threshold-examples.htm)
<http://www.hmrc.gov.uk/inheritancetax/intro/transfer-threshold-examples.htm>

HMRC: [How to value the estate of someone who has died](http://www.hmrc.gov.uk/inheritancetax/how-to-value-estate/basics.htm)
<http://www.hmrc.gov.uk/inheritancetax/how-to-value-estate/basics.htm>

HMRC: [Find the right IHT and probate forms](http://www.hmrc.gov.uk/inheritancetax/iht-probate-forms/find-right-forms.htm)
<http://www.hmrc.gov.uk/inheritancetax/iht-probate-forms/find-right-forms.htm>

HMRC: [Inheritance Tax thresholds](http://www.hmrc.gov.uk/rates/iht-thresholds.htm)
<http://www.hmrc.gov.uk/rates/iht-thresholds.htm>

26. Money or property that is passed to someone out of the estate

Money or assets passed on from the estate of someone who has died are not taxable when received by the beneficiary.

But if the beneficiary invests that money, or starts to receive income from the asset there may be Income Tax to pay. For example, tax may be due on bank interest or rent from a property.

Also, Capital Gains Tax may have to be paid if the value of the asset has increased above a certain limit, when they sell or pass the asset on.

Link: HMRC: [Capital Gains Tax rates and allowances](http://www.hmrc.gov.uk/rates/cgt.htm)
<http://www.hmrc.gov.uk/rates/cgt.htm>

Tax implications for surviving family

27. Impact of a death on tax position of widow(er)s and surviving partners

The death of a spouse, civil partner or partner can affect the tax position of the survivor. Common examples are where the survivor:

- starts to be paid a new pension or annuity
- sees changes to the amount of State Pension or other benefits, payments or allowances they receive
- acquires property or investments that generate income – for example, interest on savings or rent from property

If a surviving spouse, civil partner or partner thinks they might be affected they should contact HMRC on the Taxes Helpline number **0845 300 0627**.

When completing the form R27 the personal representative can request a P161(W) (Bereavement Benefit coding form) to be issued to a surviving spouse/civil partner or partner.

Completing and returning the P161(W) will help ensure that they do not pay too much tax. Or pay too little – only to face an unexpected tax bill later on.

28. Surviving family: Changes to pensions, annuities, State benefits and allowances

Often when one partner dies the income of the surviving partner changes – a new pension or annuity; a change to an existing pension or benefit or receipt of Bereavement Allowance.

HMRC will update the survivor's tax records to make sure that they pay the right amount of tax when form P161(W) is received.

29. Married Couple's Allowance and Blind Person's Allowance

If the person who died was claiming, or could have claimed, Married Couple's Allowance or Blind Person's Allowance they may not have had enough taxable income in the year they died to get the full benefit of the allowance. Where that happens HMRC can transfer any allowance that is left to the surviving spouse or civil partner if they tell HMRC that this is what they want to happen and make a claim to that effect.

Married Couple's Allowance is only available where one or other spouse or civil partner was born before 6 April 1935 and they were living together at some point during the tax year in which one of them died.

Blind Person's Allowance is available to people in England or Wales who are certified blind and are on a local authority register of blind persons. If the person lived in Scotland or Northern Ireland local authorities are not obliged to keep registers of blind people. The allowance can be claimed if their eyesight was so bad they could not do any work for which eyesight was essential. The individual would normally have

been certified blind by an eye sight specialist before Blind Person's Allowance could be claimed.

If the surviving spouse or civil partner is entitled to Blind Person's Allowance or Married Couple's Allowance but they do not make full use of it, any unused allowance can be transferred and used against the deceased's income up to the date they died. To make the transfer, the widow(er) or civil partner would need to contact their own tax office.

The full amount of Married Couple's Allowance and Blind Person's Allowance are available for the year of death. Married Couple's Allowance is not available for any tax year following that in which the death took place.

30. Tax deducted from bank and building society interest

People with low incomes can use form R85 to register to receive interest from banks and building societies without tax taken off.

- An increase in income following the death of a partner may mean that if they had previously signed up as a non-taxpayer, they may now need to let the bank know that tax should be taken off from now on.
- A decrease in income may mean the survivor can now register as a non-taxpayer.

Both issues are covered in the R85 helpsheet (see following link).

Links: HMRC: [R85 - Getting your interest without tax taken off \(2012\)](http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=nCRoVNw8-lk&formId=835)
<http://search2.hmrc.gov.uk/kb5/hmrc/forms/view.page?record=nCRoVNw8-lk&formId=835>

HMRC: [Getting tax-free interest on savings or claiming tax back](http://www.hmrc.gov.uk/incometax/tax-free-interest.htm)
<http://www.hmrc.gov.uk/incometax/tax-free-interest.htm>

Sources of help and information

31. Home visits by HMRC - under certain circumstances

If someone has a query they should first contact the Bereavement Helpline on **0845 300 0627**. If the query cannot be dealt with by letter or telephone and they are not able to visit an Enquiry Centre because the building is inaccessible for them, or because circumstances prevent them from attending, HMRC may be able to arrange a home visit. The following table shows when a home visit may be possible.

Older people	Older people who find it hard to travel.
Disabled	Those who have a disability that prevents attendance at an Enquiry Centre.
Recently bereaved	People with a close family member who has died within the last twelve months.
Have caring responsibilities	The person has responsibilities, involving dependants and children where constant care is required and alternatives for caring support from relatives, friends or local services are not available.

Section 32 details other sources of free independent tax advice.

32. Sources of free independent tax advice

TaxHelp for Older People (TOP) is a charity providing free independent professional help on tax to older people on modest incomes. Advice is given over the telephone or if the issue(s) are more complex the service is delivered nationwide by face-to-face appointments. Home visits can be arranged where disability or other problems make travelling difficult. Contact TOP on **0845 601 3321** (open Monday to Friday 9am to 5pm with a message-leaving facility out of those hours) or by email - taxvol@taxvol.org.uk

TaxAid is a charity providing free tax advice to anyone on low income experiencing a crisis with their tax. The service is independent and confidential. Contact TaxAid on **0845 120 3779** (open Monday - Thursday 10am to 12 noon) or by email - <http://taxaid.org.uk/pages/contact-us>

33. HMRC services for customers with particular needs

HMRC has specialist services and facilities for customers:

- who are deaf, hard of hearing or have a speech impairment
- who are blind or partially sighted
- who are wheelchair users
- where English is not their first language

The following link gives details of the help and support available.

Link: HMRC: [HMRC services for customers with particular needs](http://www.hmrc.gov.uk/contactus/particular-needs.htm)
<http://www.hmrc.gov.uk/contactus/particular-needs.htm>

34. HMRC telephone numbers referred to in this document

Helpline	Notes
Taxes Helpline 0845 300 0627 Mon to Fri 8:00 am to 8:00 pm Saturday 8:00 am to 4:00 pm Textphone 0845 302 1408	For general Income Tax and Capital Gains Tax queries about the lifetime tax affairs of the deceased
Deceased Estates and Trusts Helplines 0845 604 6455 Mon to Fri 9:00 am to 5:00 pm Closed bank holidays (including Scottish bank holidays)	For specialist advice and information about Income Tax and Capital Gains Tax on deceased estates. For specific enquiries concerning the tax affairs of the deceased, please telephone the Taxes Helpline
Self Employed Helpline 0845 915 4655 Mon to Fri 8:00 am to 5:00 pm Textphone 0845 915 3296	The deceased was self-employed and had not reached the age at which State Pension is paid
Employer Helpline 0845 714 3143 Mon to Fri 8:00 am to 8:00 pm Sat and Sun 8:00 am to 5:00 pm Textphone 0845 602 1380	If the deceased was responsible for accounting to HMRC for PAYE tax
Forms Orderline 0845 900 0404 7 days a week 8:00 am to 8:00 pm Closed Christmas Day, Boxing Day and New Year's Day	For ordering HM Revenue and Customs forms, help sheets and leaflets.
Probate and Inheritance Tax Helpline 0845 302 0900 Mon to Fri 9:00 am to 5:00 pm Closed bank holidays	For help and advice on Probate and Inheritance Tax following a death.

35. Other useful links

Links: HMRC: [What are the responsibilities of personal representatives?](http://www.hmrc.gov.uk/cto/customerguide/page4.htm)
<http://www.hmrc.gov.uk/cto/customerguide/page4.htm>

HMRC: [Completing a tax return on behalf of someone who has died](http://www.hmrc.gov.uk/sa/behalf-who-has-died.htm)
<http://www.hmrc.gov.uk/sa/behalf-who-has-died.htm>

HMRC: [Inheritance Tax](http://www.hmrc.gov.uk/inheritancetax/index.htm)
<http://www.hmrc.gov.uk/inheritancetax/index.htm>

Directgov: [Claiming back Income Tax on behalf of someone who has died](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/IncomeTax/Taxrefundsreclaimingtax/DG_078373)
http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/IncomeTax/Taxrefundsreclaimingtax/DG_078373