

## Gifts for Inheritance Tax Planning

### Seven-Year Rule for Gifts

- You can gift any amount of assets with no Inheritance Tax (IHT) to pay if seven years pass without you dying. If you die within seven years, a reduced rate applies to any amount above your nil-rate band (40% within three years; 32% after three years; 25% after four years; 16% after five years and 8% after six years).

### Annual Exemption

- You can give away £3,000 per year (assets or cash), divided between one or more people, without IHT applying at all. You can also carry forward one preceding year of annual exemption to gift £6,000 in one year.

### Small Gifts

- You're allowed to give £250 per person per year to as many people as you like without IHT applying (as long as they haven't benefitted from your annual exemption).

### Wedding Gifts

- You can contribute to someone's wedding, as long as you gift this amount before the wedding day and it actually takes place. You can give £1,000 to anyone you know, £2,500 to a grandchild, and £5,000 to a child.

### Gifts to Support a Child

- You can pay for the living costs of your own child under age 18, or in full-time education. This includes university, but you may need to show that financial support is not excessive and only covers living costs and tuition fees.

### Regular Gifts From Your Income

- You can give away regular amounts that you don't need from your income, without IHT applying. You may have to show that this money was not needed to maintain your standard of living.

### Record-keeping

- Keep a record of any gifts, as you might be asked for this at a later date. Do keep a record of any gifts via the [HMRC IHT403 form](#), as you might be asked for this at a later date, and improves transparency on what gifts you have made.

If you want to speak to us regarding your usage of the above gifting allowances, please do get in touch with your usual adviser.