HM Revenue & Customs

Use this form only if the person died on or after 1 November 2004 but before 1 September 2006

Information about Small Estates

Fill in this form where the person who has died ("the deceased") was domiciled in the United Kingdom and their estate qualifies as a Small Estate under the Small Estates Acts.

About the person who has died

Surname(s) **1.1**

Other name(s) **1.2**

Date of death **1.3** / /

You should read the notes overleaf as you fill in this form.

About the estate

		No	Yes
2.	Did the deceased make any gifts over £3,000 in any one or more of the 7 years before they died?	☐	☐
3.	Did the deceased give away any asset but keep back an interest in it?	☐	☐
4.	Was the deceased entitled to benefit from any assets held in trust?	☐	☐
5.	Did the deceased own any asset(s) in joint names with anyone, which passed by survivorship? (If the assets were held with, and passed to, the deceased's surviving husband, wife, or civil partner you may answer 'No' - see overleaf.)	☐	☐
6.	Had the deceased nominated any assets in favour of someone else during their lifetime? (If the assets were nominated in favour of the deceased's surviving husband, wife or civil partner you may answer 'No' - see overleaf.)	☐	☐

We look at the forms that are submitted to us from the Sheriff Clerk's Office or the Commissary Office and may write to you. If you do not hear from us with any questions within 60 days from the date of Confirmation, you may assume we have no questions about the answers you have given.

If you become aware of any changes to the estate you only need to tell us if the total estate confirmed to plus any assets and/or gifts as above is more than the taxable threshold. (You can find out the current threshold by telephoning the helpline 0845 30 20 900). In that case you must fill in a formal inheritance tax return on form IHT 400 .

To the best of my knowledge and belief, the information I have given in this form is correct and complete. I have read and understand the statements above.

I understand that I may have to pay financial penalties if the answers to the questions or figures that I give in this form are wrong because of my fraud or negligence, OR if the estate fails to qualify as an excepted estate and I do not deliver a corrective account within 6 months of the failure coming to my notice.

Signature

Date

Notes

2. Gifts

It is not just outright gifts, such as giving a cheque for £10,000 to someone, which are relevant for inheritance tax. The law says that there is a gift whenever there is a “loss to the donor” (the donor is always the person making the gift). This can happen in different ways. For example, an individual may sell a house to a relative for less than they could sell it on the open market. This will be a loss to the donor. A person may hold some shares that give them control of a company. They may give only a small holding to a relative, but losing control of the company reduces the value of their other shares by an amount which is greater than the saleable value of the holding in its own right. The amount of the loss to the donor is the value of the gift for inheritance tax purposes. There are other ways of making gifts, too, such as giving away rights to a pension which is not yet payable.

You do not need to take into account gifts between husband and wife, civil partners, or that do not exceed £3,000 in any one year, or those that are no more than £250 in any year to any one individual. You need only consider gifts with no reservation of benefit within seven years of the deceased’s death.

3. Gifts with reservation of benefit

Sometimes the person making the gift may keep an interest in the asset being given away, or the person receiving the gift may not take full ownership or possession of the assets. Such a gift is called a ‘gift with reservation of benefit’. The most common occurrence of this is where a parent gives the family home to the children but goes on living in it, or where the parent buys a house but puts the title in the name of their children.

Where the person who has died has made a gift with reservation, the inheritance tax law says that the asset should be included and valued as part of the deceased’s estate at death, although the asset itself may not be in the estate when they died. The rule applies to gifts with reservation of benefit made on or after 18 March 1986.

4. Assets held in trust

A trust is an obligation on one or more people (the trustees) to deal with the assets for the benefit of another person. A trust may be in the form of a deed or a Will. Examples of when a person will benefit from assets held in trust are when they do not own the assets but they have the right to

- receive income from assets, for example dividends from shares or interest from a bank or building society account but not the assets themselves,
- receive payments of a fixed amount each year, often in regular instalments,
- live in a house without paying rent.

In deciding how to answer this question it does not matter whether the trustees are resident in the United Kingdom or abroad. You must take all trusts into account.

5. Assets owned in joint names

The deceased may have owned an asset, such as a house, which is in their name and that of someone else “and the survivor”. You may not always need Confirmation to the asset, but we will need to know what the deceased’s share was and (if it is a bank or building society account) how much they contributed to it. You need to take the value of this into account when working out the gross estate for inheritance tax to put in at box 3A on page 4 of the Inventory form C1, but, because there is no inheritance tax to pay between spouses or civil partners, you may still answer ‘No’ if the deceased was survived by a husband, wife or civil partner and the asset passes to him or her.

6. Nominated assets

The deceased may have nominated an asset in favour of someone else during their lifetime. An example would be friendly society funds or payment of a death benefit. The deceased may have done this so that the person who benefits can get access to the funds immediately on the death and the funds may not be listed in the Inventory. The asset must still be taken into account for inheritance tax at box 3A on page 4 of the C1, but if it passes to the surviving husband, wife or civil partner, you can still answer ‘No’, because there is no inheritance tax to pay between spouses or civil partners.

Our booklet C3 has more help and detail about what you need to do.