

Inheritance tax guidance

When you leave a gift to a loved one in your will, they may have to pay inheritance tax. Often, leaving a gift in your will to charity can reduce the amount of tax charged.

How much is inheritance tax?

Anything above your tax-free threshold is currently taxed at 40%. Tax-free thresholds change from time to time, and it's worth checking the official UK Government website for more details. You can do this at gov.uk/inheritance-tax

This threshold increases if you own your home and leave it to your children or grandchildren. But it can also decrease if you've given away any large gifts in the seven years before your death. So it's always good to check the latest rules and levels.

When is inheritance tax charged?

You won't have to pay inheritance tax if you leave everything you own above the IHT threshold to your spouse or civil partner, to a charity, or to an amateur sports club.

But this tax will be charged if you leave part or all your estate above the threshold to your children, grandchildren, friends, any other relatives, or non-charitable organisations.

How does leaving a gift in my will to charity reduce the inheritance tax I pay?

Any amount you leave to a charity is exempt from inheritance tax, and if you leave 10% or more of your total estate to charity, the remainder of the inheritance tax due will be reduced from 40% to 36%. So leaving a gift in your will to a charity, like the MS Society, could also help your loved ones, by lowering the amount of tax they have to pay on their share.