

Sam Hart of Rosegate Tax - Leaves and Legacy presentation May 2026

Making Sense of Inheritance Tax

Insights from Sam Hart, Rosegate Tax


At our **Leaves & Legacy event**, Sam Hart from Rosegate Tax brought the detail behind inheritance tax - and more importantly, what clients can do about it.

Her message was clear:

Inheritance Tax is no longer a niche issue - it's affecting more and more families every year.

Why more people are being caught

- The standard **Inheritance Tax rate remains at 40%**
- The **nil rate band (£325,000)** has been frozen since 2009
- Property and investment values have risen significantly

 The result:

Estates are growing - allowances are not - so more families are paying tax.

Understanding your key allowances

Most people have two key allowances:

- **Nil Rate Band (NRB): £325,000 per person**
 - Can be transferred between spouses
 - Up to **£650,000 for a couple**
- **Residence Nil Rate Band (RNRB): £175,000 per person**
 - Applies if passing the family home to direct descendants
 - Up to **£1 million combined NRB and RNRB for a couple**

But there are important catches:

- The residence allowance **reduces once estates exceed £2 million**
- Poor structuring (e.g. everything passing to a surviving spouse) can inadvertently push estates **over key thresholds**

 Planning detail matters - small decisions can have big tax consequences.

Gifts: powerful, but misunderstood


One of the most effective strategies is **giving money away during your lifetime**:

Potentially Exempt Transfers (PETs)

- Give **any amount to individuals**
- If you survive **7 years** → **no IHT**

Taper relief

- If you survive more than **3 years**, tax on the gift can reduce
- But:
 - It reduces the tax, not the value of the gift
 - And your allowances often get used first

 Timing, survival, and structuring all interact.

A simple but powerful exemption

Gifts out of income

- If you give away **surplus income (not capital)**:
 - No 7-year rule
 - Immediate IHT exemption

Conditions:


- Must be **regular**
- Must come from **income**
- Must not reduce your standard of living

 Done properly, this can move **significant sums out of your estate tax-free**.

Common traps to avoid

Sam highlighted some frequent mistakes:

- **“Giving assets, but keeping the benefit”**
 - e.g. gifting a property but keeping the rental income
 - → HMRC still treats it as yours
- **Late planning**
 - Trying to gift shortly before death limits effectiveness
- **Uncoordinated planning**
 - Wills, gifts, and tax strategy must all align

 Inheritance tax planning is not one decision - it's a system.

Business owners: changing landscape

- Business Property Relief (BPR) has been **restricted**
- Now capped (with updated limits), rather than fully exempt in many cases

👉 For some business owners:

- Selling assets may still be required to fund tax
- **Earlier gifting** of business interests is becoming more important

Trusts: control and protection

Trusts can be a powerful tool - not just for tax efficiency, but control:

- Assets can be passed on **without giving up control immediately**
- Can help protect:
 - Younger beneficiaries
 - Family wealth from divorce or disputes

But:

- They come with **complex tax rules**
- Upfront and ongoing charges can apply

👉 Used well, they're powerful - used badly, they add complexity.

Alternative structures

Sam also touched on more advanced planning:

- **Family Investment Companies**
 - Allow you to retain access to capital
 - While moving future growth outside your estate

👉 Particularly relevant for:

- High-net-worth families
- Those not ready to fully gift assets away

The practical reality

Inheritance Tax isn't just about the bill - it's about **timing and liquidity**:

- Tax is typically due within **6 months of death**
- Many estates are:
 - **Asset-rich (e.g. property)**
 - **Cash-poor**

👉 Without planning, families may:

- Need to borrow
- Or sell assets quickly under pressure






The Lucent perspective

Sam's message aligns closely with how we advise clients:

Good planning is about balance.

- Keeping enough for your lifestyle
- While gradually and efficiently passing wealth on
- There is no 'silver bullet' except spending it all!

Key takeaways

-  Check if you actually have an IHT problem
-  Start early - time is your biggest advantage
-  Coordinate everything (wills, gifts, tax planning)
-  Use exemptions and reliefs carefully
-  Don't assume "simple" solutions are effective

What this means for you

Inheritance Tax planning isn't about avoiding tax at all costs - it's about:

- Giving you **choice and flexibility**
- Reducing stress for your family
- Ensuring your wealth goes **where you want it to go**