

# Residence nil rate band

**As of 6 April 2017, an additional nil rate band, the residence nil rate band, will apply so that less inheritance tax (IHT) may be paid when the family home is left to children, grandchildren and some other individuals.**

**This fact sheet gives only a general explanation. We advise that you make an appointment to discuss your own circumstances in more detail.**

**Our expert and experienced lawyers will provide you with clear and straightforward advice.**

Prior to 6 April 2017, IHT is charged at two rates (ignoring any reliefs for agricultural and business property):

- 0% on the first £325,000 (the nil rate band)
- 40% on everything in excess of £325,000.

If any of the nil rate band is unused on the first death of a spouse or civil partner then on the death of the survivor the unused part can be transferred to the second estate. This is called the transferable nil rate band and is how surviving spouses and civil partners can have estates of £650,000 before becoming liable to IHT.

## What is changing?

From 6 April 2017, an additional residence nil rate band (RNRB) applies. This means that less IHT may be paid when the family home is inherited by certain direct family members, for example children, adopted children, stepchildren or grandchildren.

The value per person of the RNRB is initially £100,000 rising by £25,000 over the following three years to reach £175,000. It is transferable too, so after April 2021 married couples and civil partners may be able to benefit from a combined nil rate band and RNRB of £1 million.

## Who can claim it?

The RNRB can be claimed if all of the following apply:

- you die on, or after, 6 April 2017
- you leave an estate worth less than the upper limit of £2 million. (Between £2 million and £2.2million the relief tapers down until it is no longer available.)

## Contact

Please contact either partner in our wills, probate & trusts team:

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- you leave your home to qualifying beneficiaries such as direct descendants and some other individuals such as stepchildren or foster children.

## Trusts

A gift in a will to a trust can qualify for the RNRB. This will depend upon the type of trust and certain circumstances. With careful planning in relation to a will, and the administration of an estate, trusts can still be appropriate and will also qualify for the RNRB. However, every case is individual and if you have questions we recommend that you arrange to see us for bespoke advice.

## What do you need to do?

To ensure that you maximise the tax-saving effect of the RNRB we strongly recommend that you review your will, or make a will if you do not already have one.

The conditions for claiming the RNRB are complicated and you should get expert advice to ensure that your family can benefit from the enhanced nil rate band inheritance allowance in the future.

## Advice and support

Please contact us to arrange a meeting to discuss your personal circumstances and wishes. We will be happy to advise on your specific concerns, in confidence, and prepare a document tailored to your needs.

Our office hours are 9:00am to 5:30pm Monday to Friday. Out of hours appointments can be arranged if these times are difficult. We may arrange home or hospital visits if you are not able to travel to us.

There are several steps leading into each of our buildings. If access is likely to be a problem, please let us know.

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