Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CLEVER CHECKLISTS · No. 08 · GAINS, PROPERTY AND ESTATES

Inheritance Tax Checklist 2026/27: Nil-Rate Bands and Gifts

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Inheritance tax is 40% on estates above the nil-rate bands, which are frozen until April 2031. A couple can pass on up to £1m with the right claims. Gifts become fully exempt after seven years. Unused pensions will join the estate from 6 April 2027.

THE KEY FIGURES

2026/27 figure	Amount
Nil-rate band	£325,000 each
Residence nil-rate band	£175,000 each, tapered above £2m
Couple combined	up to £1m
Standard rate	40% (36% if at least 10% goes to charity)
Annual gift exemption	£3,000, plus one year carried forward
Small gifts	£250 per person

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The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Are both nil-rate bands and transferable bands claimed?**	The surviving spouse can use unused allowance from the first death. The residence band needs a home passing to children or grandchildren.	Probate papers, first death records
☐	**Is the seven year clock tracked, with taper relief on the tax?**	Gifts are exempt after seven years. Taper relief reduces the tax, not the value, for gifts made three to seven years before death.	Gift list with dates and values
☐	**Are annual exemptions stacked?**	£3,000 a year, one year carried forward, £250 small gifts, wedding gifts and the other exemptions.	Gift register
☐	**Are regular gifts out of income evidenced?**	Regular, from income not capital, and leaving enough to live on. This is the most powerful and least documented exemption.	Income and spending record, standing orders
☐	**Are gifts with reservation avoided?**	Giving away a home and still living in it, rent free, fails. The gift stays in your estate.	Rent agreements, valuations
☐	**Is the pension in the estate plan from 2027?**	Unused defined contribution pensions are in scope from 6 April 2027. Nominations and liquidity need a review.	Pension nomination forms



MY PRO TIP

a gift is not safe the day you give it. It is safe seven years later.

A worked example

A couple's net estate is £1.4m with the home left to children. Combined nil-rate bands of £650,000 and residence bands of £350,000 shelter £1m. The remaining £400,000 is taxed at 40%, so £160,000 of inheritance tax. If the estate was £2.2m, the residence bands taper away by £1 for every £2 above £2m, adding tax.

The trap to avoid

Assuming a gift is exempt the day it is made. It is only fully exempt after seven years, and a gift you keep benefiting from may never be.

Test your accountant

One question that tells you if you have the right adviser:

What would my inheritance tax bill be if I died tomorrow, and which gifts and wills would change it?

What has changed recently

- Nil-rate bands stay frozen until April 2031.
- Pensions enter the estate from 6 April 2027.
- Business and agricultural relief now has an allowance with 50% relief above it. See the business property relief checklist.

Questions I get asked

What is the inheritance tax threshold for 2026/27?

£325,000 each, plus a £175,000 residence nil-rate band where your home passes to direct descendants. A couple can combine them to £1m.

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How does the 7-year rule work?

A gift is outside your estate if you survive seven years. If you die within seven years, tax may be due, with taper relief after three years.

Can I give away money out of income without a limit?

There is no cap, but the gifts must be regular, paid from surplus income and leave your standard of living unchanged. Evidence is the key.

Will my pension be liable to inheritance tax?

From 6 April 2027 unused defined contribution pensions form part of the estate for inheritance tax. Planning should start now.

The 9 CAD Keys link: Alignment

Alignment means your will, your gifts, your pension and your family wishes all point the same way. Most estate problems are misalignment, not bad luck.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

Tax checklist 06
Pensions Checklist 2026/27: Allowances and Tax Relief

Tax checklist 09
Business Property Relief (BPR) Checklist 2026/27

Tax checklist 10
Agricultural Property Relief (APR) Checklist 2026/27

Tax checklist 11
Trusts and Estate Planning Checklist 2026/27

Go deeper: my books

For this topic, start with **Inheritance Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Pin this up, then pin down your estate plan.

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Scan to read online, tick it on screen and take the Scorecard



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