

**EXPLANATORY MEMORANDUM RELATING TO THE  
INHERITANCE TAX (DELIVERY OF ACCOUNTS)(EXCEPTED ESTATES)  
REGULATIONS 2004**

**2004 No. 2543**

1. This explanatory memorandum has been prepared by the Commissioners of Inland Revenue and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Description**

2.1 These Regulations make provision in relation to delivery of accounts and other information for inheritance tax (IHT) purposes in respect of people who died on or after 6 April 2004. Estates which qualify under these Regulations are excepted from delivering an IHT account and are known as excepted estates. They follow a simpler reporting procedure to satisfy their IHT obligations and to obtain a grant of representation known as Probate in England, Wales and Northern Ireland and Confirmation in Scotland.

2.2 They replace for deaths on or after 6 April 2004 “The Inheritance Tax (Delivery of Accounts)(Excepted Estates) Regulations 2002” and “The Inheritance Tax (Delivery of Accounts)(Excepted Estates) (Amendment) Regulations 2003”.

2.3 Changes were announced at Budget 2004 to extend the categories of estates which qualify as excepted estates and to the information required and to whom it must be produced. Those changes are now reflected in these Regulations. Regulation 4(3) adds a new category of qualifying estate i.e. those where the value does not exceed £1 million and the aggregate value, after deduction of any spouse or charity transfers, does not exceed the IHT tax-free threshold (£263,000 for 2004/05). Regulations 6 and 7 prescribe the information required and to whom it should be produced.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None

4. **Legislative Background**

4.1 Statutory references are to the Inheritance Act 1984 unless otherwise stated.

4.2 Section 216 requires that an IHT account must be delivered unless excepted by Regulations made under section 256.

4.3 Provisions in Finance Act 2004 paved the way for the changes reflected in these Regulations. Section 293 of that Act reconstructed the Inland Revenue’s enabling powers for the Regulations and section 294 re-enacted the provisions that

*This Explanatory Memorandum refers to The Inheritance Tax (Delivery of Accounts)(Excepted Estates) Regulations 2004*

determine which IHT procedures are required as a precondition of the administration (Probate/Confirmation) of a deceased person's estate.

**5. Extent**

5.1 This instrument applies to all of the United Kingdom.

**6. Policy background**

6.1 Following discussions between the Inland Revenue and the Court Services the excepted estates Regulations were first introduced in 1980 to reduce the administrative reporting burden on smaller straightforward estates. Initially there were separate Regulations for each jurisdiction. Other than increases to the monetary limit, few changes were made over the intervening years until 2002 when some minor changes were made as well as consolidating the three sets of Regulations into one.

6.2 The effect of the Regulations is to excuse estates which meet the specified requirements from completing a full IHT account. Instead they follow a simpler procedure to obtain a grant of representation known as Probate in England & Wales and Northern Ireland and Confirmation in Scotland.

6.3 For deaths on or before 5 April 2004, personal applicants (i.e. personal representatives acting without legal representation) fill in a simpler return as part of their application for Probate. The personal representatives of represented estates simply certify under the guidance of their solicitor that the estate qualifies as an excepted estate in the Oath that they submit to the Court Service. In Scotland, all personal representatives deliver an Inventory of the estate to the Court Service.

6.4 The changes now being introduced in these Regulations for deaths on or after 6 April 2004 do two main things. First they add a new category of estates which qualify as excepted estates bringing an extra 30,000 estates a year into the simpler reporting regime. Amendments are also made to the existing category of excepted estate in relation to persons domiciled in the United Kingdom. Second they specify the information which must be delivered to the Board of Inland Revenue by excepted estates and to whom it must be produced. As well as reducing the administrative burden for the 30,000 extra estates a year mentioned the changes result in a uniform reporting system for all excepted estates which will be much more straightforward to operate.

6.5 Personal representatives will fill in a straightforward return with information about the assets and value of the estate as part of their application for Probate/Confirmation. They will send it to the Court Service and the information will then be passed on to the Inland Revenue where it will be treated in exactly the same way as information delivered direct by personal representatives.

6.6 The changes, in effect, result in a one-stop-shop for personal representatives of excepted estates. They will be able to meet their IHT and Probate/Confirmation obligations by contact with a single government department – the Court Service.

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6.7 These changes are in keeping with the Modernising Government initiative which calls for departments to join up their services – in this case the Court Services and the Inland Revenue. The Departments are providing processes that meet the needs of customers, without unnecessary duplication.

**7. Impact**

7.1 These Regulations do not impose new costs on business or charities.

**8. Contact**

Enquiries about this instrument may be made to Angela Cole at the Inland Revenue:  
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