

THE RESIDENCE NIL RATE BAND (RNRB)

For deaths on or after 6 April 2017, the “Residence Nil Rate Band” (RNRB) became available where the estate contains a family home (“a qualifying residence”) left to children or other “direct descendants”. This means that it must be inherited by ‘lineal descendants’ (i.e. children, grandchildren etc. including step-children and adopted and foster children).

This has the practical effect of increasing the amount that a person can leave tax-free on death to £1million, provided the estate includes an interest in a house which is “closely inherited”.

The additional nil-rate band will also be available when a person downsizes or ceases to own a home on or after 8 July 2015 and assets of an equivalent value, up to the value of the additional nil-rate band, are passed on death to direct descendants. It is also possible to transfer the residence NRB to a surviving spouse or civil partner and effectively ‘double up’ the allowance on second death.

For estates with a net value of £2m or more, the RNRB will taper away £1 for every £2 over £2m. Therefore currently, the RNRB will not be available for an individual estate over £2.2m. There may be cases where lifetime gifting is appropriate to ensure the estate is within the limits.

The important factor to consider is to begin succession planning early and, particularly if it is a sale, to start the process at least a year in advance - ideally at a time when there is no need to sell because there will be less pressure to take the first offer and it will give you more time to find buyers and negotiate a price.

How can GL Law help you?

We have specialist lawyers who will take time to get to know you in order to provide you with advice tailored to your specific needs and wishes.

Full and transparent information about our fees structure will be provided at the outset, and the basis of our charging agreed before we begin work.

For more information or to speak to a solicitor please contact us by calling 0117 906 9400 or email hello@gl.law

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