

COVID-19: Inheritance tax process changes

Inheritance Tax and trusts

01 June 2020

In early April, HMRC announced some changes to inheritance tax processes and procedures as a result of the COVID-19 pandemic.

On 9 April, HMRC shared with the professional bodies an update around various inheritance tax (IHT) processes to deal with the restrictions imposed as a result of the COVID-19 pandemic.

Cheque payments/repayments

HMRC will no longer be accepting cheques for IHT payments. Payments should be made by way of transfer from a bank account and [further details are given on GOV.UK](#). Equally, HMRC will no longer be issuing cheque repayments and will use 'Faster Payments' instead. If you are expecting a repayment of IHT for a client, then you can either wait for HMRC to contact you asking for bank details, or pre-empt this request by writing in with details of the bank account. Head your letter '*Repayment – further details*'.

Provided that the name of the account into which the repayment should be made matches the name given for cheque repayments (Box 23 or Box 17 on form IHT400), HMRC will accept a letter of instruction signed by the agent. If the account name does not match the information already supplied to HMRC, then a new payment authority is required which must be signed (proper 'wet' signatures are required) by the personal representatives or trustees. Full details can be found in the announcement (links below).

In due course, HMRC are hoping to update their forms to add new fields for the bank details.

Submitting IHT100s/IHT400s

With so many people, including HMRC, working from home and the impact of social distancing, getting IHT100/ 400 forms signed can be a challenge. Where an agent is acting, HMRC will accept printed signatures on these forms provided that the account also contains a clear statement that all the personal representatives/trustees have seen the account and agree to be bound by the declarations. The wording can be found on the IHT100/ 400 download pages on GOV.UK and in the announcement (links below).

Digital solutions

The next step in the process of adapting to current circumstances is to consider whether accounts need to be posted at all. HMRC are trialling digital solutions for the submission of IHT accounts and ATT and CIOT have been involved in these tests. No further information is available at the time of writing but HMRC have told us that outcomes will be shared in due course.

Full details of the announcement can be found on the [ATT website](#) and the [CIOT's website](#).

Payments on account

Unrelated to IHT, but also relevant to trustees, HMRC have confirmed that the general deferral of 31 July 2020 payments on account which has been offered to those in self-assessment will also apply to trusts. The tax will still ultimately need to be paid by 31 January 2021.