

IHT interest rates - updated

Synopsis: HMRC has published updated interest rates for inheritance tax (IHT).

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HMRC has published updated interest rates for IHT. As of 22 November 2022, interest on late payments of IHT has increased from 4.75% to 5.5%. Interest on IHT overpayments has increased from 1.25% to 2% from the same date.

Where IHT is paid in instalments, interest will not be charged on the first instalment unless it is paid late. On each later instalment interest must be paid on both of the following...

- The full outstanding tax balance.
- The instalment itself, from the date it is due to the date of payment (if it is paid late).

The first instalment is due at the end of the sixth month after the death (for example if the deceased died on 12 November 2022, the first instalment would be due by 31 May 2023). This is the due date and payments are then due every year on that date.

Assets on which IHT can be paid in instalments

- Houses – individuals can pay 10% and the interest each year if they decide to keep the house to live in.
- Shares and securities - individuals can pay in instalments if the shares or securities allowed the deceased to control more than 50% of a company.
- Unlisted shares and securities - individuals can pay in instalments for 'unlisted' shares or securities (ones not traded on a recognised stock exchange) if they are worth more than £20,000 and either of these apply...
 - they represent 10% of the total value of the shares in the company, at the price they were first sold at (known as the 'nominal' value or 'face value'. The face value of a share, and whether it is an ordinary share, can be found on the share certificate).
 - they represent 10% of the total value of ordinary shares held in the company, at the price they were first sold at.
- Businesses run for profit - individuals can pay in instalments on the net value of a business, but not its assets.
- Agricultural land and property.

- Gifts – donees can pay in instalments if there is still IHT to pay and they were given: buildings; shares or securities; or part or all of a business. If the gift was an unlisted share or security, it must still have been unlisted at the time of the death.

Individuals can also pay in instalments if either of these apply...

- At least 20% of the total IHT the estate owes is on assets that qualify for payment by instalments.
- Paying IHT on them in one lump sum will cause financial difficulties.

More information on paying IHT in instalments can be found [here](#).

HMRC also previously announced that it was raising interest rates by 0.50%, to 5.5% for late payments of income tax, National Insurance, capital gains tax, Stamp Duty Land Tax, Stamp Duty, Stamp Duty Reserve Tax and corporation tax, and increasing repayment interest rates for these taxes from 1.25% to 2%, also from 22 November 2022.

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