

Estate gifts and property: evidence before assumptions

Prepared October 2026 | General information, not personal advice

Estate planning with gifts or property needs a full inventory, ownership evidence and the rules applying to each transfer. Conditional allowances and retained benefits can change the result. Keep dated records and assess the giver's future needs. Giving assets away is not a universal route to removing tax or care-funding exposure.

Important risks

Legal ownership, retained benefits and conditional tax rules can change the outcome. Gifts and trusts can be irreversible and may leave insufficient resources for your own future needs.

Tax treatment depends on individual circumstances and may change in the future. A general example does not establish your relief, allowance or tax liability.

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer or legal arrangement.

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Before you begin

Treat the estate estimate and gift plan as connected but different exercises. An allowance for a home depends on specific conditions, while gifts can use exemptions or other rules according to their nature. Continuing to benefit from a transferred asset raises a separate issue. Family affordability and legal rights matter even where a possible tax reduction exists. A simple seven-year slogan cannot replace that analysis.

Terms in plain English

Gift with reservation

A gift where the giver retains a benefit. The asset can remain relevant to Inheritance Tax even after legal ownership changes.

How do I work out whether Inheritance Tax may affect my estate?

Record each asset's owner and value date, along with liabilities and previous gifts. Distinguish assets covered by a will from those governed by another arrangement. Check spouse or civil-partner treatment and whether residence-related allowances apply. Future pension tax changes should be recorded separately from the rules currently in force, not silently included as today's law.

Decision boundary: An incomplete inventory or assumed allowance can materially understate potential estate liabilities. Ask the adviser: Which assets, gifts and conditional allowances are included in this estimate?

Sources: G14, G15, G24, G26

Will leaving my home to children remove the Inheritance Tax problem?

Check who owns the property, how it is left and whether the intended recipient qualifies under current rules. An estate can include investments, other property and relevant gifts in addition to the main home. A headline allowance should not be assumed available in full without testing its conditions. Coordinate the estate estimate with the will rather than treating them as independent exercises.

Decision boundary: An allowance may be unavailable or reduced, leaving tax despite the planned property inheritance. Ask the adviser: Which residence allowance conditions apply to this estate and the wording of the will?

Sources: G14, G27

How should I record gifts to children for Inheritance Tax planning?

Maintain a dated gift schedule with bank records and relevant valuations. Distinguish outright gifts from trust transfers and assets still used by the giver. If claiming an income-related exemption, retain the income and spending evidence needed to support it. Consider the giver's future needs and the recipient's circumstances before focusing on the potential estate tax effect.

Decision boundary: An undocumented or unaffordable gift can create later tax, family or care-funding problems. Ask the adviser: Which rule applies to this gift, and what records would an executor need?

Sources: G15, G16

Can I give away my home but continue living in it?

Establish what benefit the giver would retain and how any occupation arrangement would operate in practice. A transfer can expose the home to the recipient's circumstances as well as creating tax questions. Consider ongoing affordability, legal rights and care assessment separately. A seven-year reference alone does not resolve a gift where a benefit is retained.

Decision boundary: The home may remain relevant to estate tax while ownership and control have already been lost. Ask the adviser: What benefit would I retain, and what legal protection and tax consequences follow?

Sources: G15, M14

Can unused Inheritance Tax allowance pass between spouses?

Keep the first death's estate documents and records of how allowances were used. Distinguish an unused basic allowance from any residence-related entitlement. Cohabiting partners do not automatically have the same treatment as spouses or civil partners. Executors may need to claim with supporting evidence, so store the records where they can be found.

Decision boundary: Missing records or incorrect assumptions about eligibility can overstate the available allowance. Ask the adviser: What evidence shows the unused proportion, and which allowance is being transferred?

Sources: G14, G24

Your preparation checklist

- Use an asset-and-liability inventory with valuation dates.
- Record each gift, recipient and claimed treatment.
- Check conditions rather than assuming maximum allowances.
- Retain evidence from an earlier spouse's estate.

Next steps

Ask for advice before any substantial or hard-to-reverse gift. The review should show why the retained resources remain sufficient and what records the executors will need. No outcome is implied for a particular estate.

General information only, not personalised financial, tax or legal advice. Suitability and available relief depend on your circumstances. Obtain appropriate advice before acting on a product, transfer

or legal arrangement.

Sources and further reading

G14: HMRC / GOV.UK - How Inheritance Tax works: thresholds, rules and allowances

<https://www.gov.uk/inheritance-tax>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

G15: HMRC / GOV.UK - How Inheritance Tax works: thresholds, rules and allowances

<https://www.gov.uk/inheritance-tax/gifts>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

G24: HMRC / GOV.UK - IHTM47001 - Long-term UK residence test: Introduction and when domicile will remain relevant

<https://www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm47001>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

G26: HMRC / GOV.UK - Inheritance Tax on pensions: technical note

<https://www.gov.uk/government/publications/inheritance-tax-on-pensions-technical-note>

Retrieved 2026-10-02. Source publication date: 2026-05-11.

G27: HMRC / GOV.UK - How Inheritance Tax works: thresholds, rules and allowances

<https://www.gov.uk/inheritance-tax/passing-on-home>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

G16: HMRC / GOV.UK - Trusts and taxes

<https://www.gov.uk/trusts-taxes/trusts-and-inheritance-tax>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

M14: MoneyHelper / Money and Pensions Service - Beginner's guide to paying for long-term care

<https://www.moneyhelper.org.uk/en/family-and-care/long-term-care/means-tests-for-help-with-care-costs-how-they-work>

Retrieved 2026-10-02. Source publication date not stated; retrieval is not a publication date.

Related planning information

<https://castlestonebridge.co.uk/gifting-money-to-children-tax-implications>

Discuss your questions

For a discussion of your circumstances, contact Castle Stonebridge on 01246 308249 or visit <https://castlestonebridge.co.uk>. Any personal recommendation requires an individual assessment.