

# Will my estate pay inheritance tax? (decision tree)

England & Wales · Decision tree · Reviewed June 2026

Work through the questions using current (2026) thresholds to see whether inheritance tax is likely. This is a guide only — take advice for an accurate assessment.

## Work through the tree

**Step 1.** Is your net estate (after debts) above £325,000?

- No → No inheritance tax. Your estate is within the £325,000 nil-rate band, so no inheritance tax is due.
- Yes → go to step 2

**Step 2.** Are you leaving everything to your spouse/civil partner, or to charity?

- Yes → Generally no inheritance tax. Gifts to a spouse, civil partner or charity are exempt. Their unused nil-rate band may also transfer to a survivor.
- No → go to step 3

**Step 3.** Are you leaving a qualifying home to your children or grandchildren?

- Yes → Add the residence band — then check the total. You may add up to £175,000, giving up to £500,000 for an individual or £1m for a couple. Compare this to your estate value at step 4.
- No → go to step 4

**Step 4.** Is your estate above your total available allowances?

- Yes → Inheritance tax is likely due. The excess is taxed at 40% (reduced to 36% if you leave 10%+ of your net estate to charity). Note: from 6 April 2027 most unused pensions also count.
- No → No inheritance tax. Your allowances cover the estate, so no inheritance tax is due.

## Possible outcomes at a glance

- Under £325,000: no inheritance tax.
- All to spouse/charity: generally exempt.
- Home to descendants: up to £500,000 (individual) or £1m (couple) tax-free.
- Above allowances: 40% on the excess — 36% if 10%+ goes to charity.
- Thresholds are frozen to April 2031; from April 2027 most unused pension funds fall within inheritance tax.

## Sources

- Inheritance Tax Act 1984 — [legislation.gov.uk](https://legislation.gov.uk)
- GOV.UK — Inheritance Tax thresholds and rates (NRB £325,000; RNRB £175,000)
- HMRC — Inheritance Tax on pensions: technical note (from 6 April 2027)