



HM Revenue
& Customs

Open consultation

Technical consultation - Inheritance Tax on pensions: liability, reporting and payment

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Contents

Introduction

Executive summary

Part 1: Introduction

Part 2: Inheritance Tax on pension funds and death benefits

Part 3: Process for reporting and paying Inheritance Tax on pensions from 6 April 2027

Part 4: Assessment of impacts

Part 5: Summary of consultation questions

Annex A: Case studies

Annex B: Authorised Pension Death Benefits included in the value of an individual's estate for Inheritance Tax from 6 April 2027

Annex C: Glossary

Annex D



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Introduction

Summary of this consultation

As announced at Autumn Budget 2024, from 6 April 2027 most unused pension funds and death benefits will be included within the value of a person's estate for Inheritance Tax purposes and pension scheme administrators will become liable for reporting and paying any Inheritance Tax due on pensions to HMRC. This consultation seeks views on the processes required to implement these changes.

Scope of this consultation

This is a technical consultation on the processes required to implement these changes for UK registered pension schemes.

Who should read this

Individuals, pension scheme administrators and other pensions professionals, tax and legal practitioners.

Duration

The consultation will run for 12 weeks between 30 October 2024 and 22 January 2025.

Lead officials

The lead officials are Katie O'Donoghue and Cath Rourke of HM Revenue and Customs (HMRC).

How to respond or enquire about this consultation

By email to: ihonpensions@hmrc.gov.uk

Written responses can be made by post to:

Assets, Residence and Valuation team
HM Revenue and Customs
100 Parliament Street
London
SW1A 2BQ

After the consultation

The government will publish a response document and carry out a technical consultation on draft legislation for these changes in 2025.

Executive summary

At Autumn Budget 2024, the government announced several measures to reform Inheritance Tax. This included a measure to bring most unused pension funds and death benefits within the value of a person's estate for Inheritance Tax purposes from 6 April 2027.

As part of these changes, pension scheme administrators (PSAs) will become liable for reporting and paying any Inheritance Tax due on unused pension funds and death benefits.

The government is consulting on the processes required to implement these changes. While the changes will apply equally to UK registered pension schemes and Qualifying Non-UK Pension Schemes (QNUPS), any references to pension schemes in this consultation document should be taken as referring to UK registered pension schemes.

We are seeking stakeholders' views on the process by which PSAs will report and pay any Inheritance Tax due to HMRC, including any new powers or processes which may be required to ensure that relevant information is exchanged between HMRC, PSAs, personal representatives for the deceased's estate (PRs) and beneficiaries. We would also welcome stakeholders' input on any scenarios which do not fit neatly into the process set out in this document, and on any viable alternatives to placing the liability for reporting and payment of Inheritance Tax on PSAs.

Part 1 of this consultation introduces and summarises the changes to Inheritance Tax on pensions announced at Autumn Budget 2024, including the rationale for change.

Part 2 sets out the background to different types of pension schemes and summarises how discretionary and non-discretionary pensions are currently treated for Inheritance Tax purposes. It sets out in detail how the new changes will operate in practice from 6 April 2027, including how any Inheritance Tax due on pensions will be calculated, reported and paid to HMRC, and how relevant information will be exchanged between PSAs, PRs, beneficiaries and HMRC.

Part 3 summarises these new processes.

Part 4 summarises the impacts of these changes. Part 5 summarises the consultation questions and Part 6 sets out the process for responding.

Part 1: Introduction

1.1. Most estates in the UK do not pay Inheritance Tax. In the coming years, fewer than 10% of estates annually are forecast to have an Inheritance Tax liability due to a generous combination of nil-rate bands, exemptions and reliefs. The Inheritance Tax nil-rate band allows all estates to pass on at least £325,000 to beneficiaries without incurring an Inheritance Tax charge.

1.2. For the minority of estates which do pay Inheritance Tax, it is fair that Inheritance Tax is applied as consistently as possible across similar types of assets, including pensions and savings products. Fairness and neutrality are widely recognised as fundamental principles of a well-designed tax system - one which is effective in raising revenue for public services and minimises distortive incentives to move assets from higher to lower taxed activities.

1.3. Building a fair tax system also means ensuring that tax reliefs are providing value for money and achieving their intended outcomes. Tax relief on pensions is an important incentive for savers. It is also one of the most expensive reliefs in the personal tax system, with gross Income Tax and National Insurance contributions (NICs) relief costing £70.6 billion in 2022 to 2023, up from £68.1 billion in 2021 to 2022. It is therefore crucial to ensure that tax reliefs on pensions are being used for their intended purpose – to encourage saving for retirement and later life.

1.4. In recent years, pension schemes have been increasingly used and marketed as a tax planning tool to transfer wealth without an Inheritance Tax charge, rather than for their intended purpose of funding retirement. This has been exacerbated by certain changes in pensions tax policy over

the past decade. The introduction of pension freedoms in 2015 removed a 55% charge for pensions funds which remained unused at death and the abolition of the Lifetime Allowance in March 2023 removed the cap on the amount of tax-relievable pension savings an individual can accumulate over their lifetime. This means that individuals can accumulate unlimited tax-free savings in their pension, draw on other means to fund their retirement and leave their unused pension assets to be inherited by beneficiaries without any Inheritance Tax charge.

1.5. This has been made possible by a distortion in the Inheritance Tax treatment of different types of pension benefits. Some UK pension schemes (for example, the NHS and judicial schemes) are non-discretionary schemes, which are treated as part of an individual's estate for Inheritance Tax purposes. However, most UK pension schemes are discretionary schemes (see Para 2.3 below). Unused pension funds in these schemes do not form part of an individual's estate for Inheritance Tax purposes, meaning that members can pass these funds to beneficiaries after their death without any Inheritance Tax charge.

1.6. At Autumn Budget 2024, the government announced several measures to reform Inheritance Tax and deliver a fairer and less economically distortive tax treatment of inherited wealth and assets. This includes a measure to make most unused pension funds and death benefits subject to Inheritance Tax from 6 April 2027, aligning their tax treatment with other types of inherited assets and removing the incentive to use pensions as a tax-planning vehicle for wealth transfer after death. These changes are summarised below.

1.7. Most estates will continue to have no Inheritance Tax liability following these changes. The government estimates that, out of around 213,000 estates with inheritable pension wealth in 2027 to 2028, 10,500 estates – or around 1.5% of total UK deaths - will become liable to pay Inheritance Tax where this would not previously have been the case. Around 38,500 estates will pay more Inheritance Tax than would previously have been the case. This group are forecast to have an existing average Inheritance Tax liability of £169,000, increasing by around £34,000 on average when pension assets are included in the value of the estate. These figures do not take into account potential behavioural changes following the announcement of these measures, such as individuals drawing down pension funds at a faster rate and/or making greater use of other exemptions or reliefs to reduce their estate's overall Inheritance Tax liability, but are provided for illustrative purposes.

1.8. The government will continue to incentivise pension savings for their intended purpose of funding retirement, supported by ongoing tax reliefs on both contributions into pensions and on the growth of funds held within a pension scheme.

Summary of changes

1.9. From 6 April 2027 most unused pension funds and death benefits will be included within the value of a person's estate for Inheritance Tax purposes.

1.10. As part of these changes, from 6 April 2027 pension scheme administrators (PSAs) will become liable for reporting and paying any Inheritance Tax due on unused pension funds and death benefits. Currently, personal representatives (PRs) are responsible for reporting and paying any tax due for non-discretionary pensions schemes which are included within the value of a person's estate for Inheritance Tax purposes.

Scope of technical consultation

1.11. This technical consultation is focused on the processes required to implement these changes from 6 April 2027.

1.12. We are particularly interested in stakeholders' views on how PSAs will report and pay any Inheritance Tax due to HMRC, including any new powers or processes which may be required to ensure that relevant information is exchanged between HMRC, PSAs, PRs and beneficiaries. We would also welcome stakeholder views on any viable alternatives to placing the liability for reporting and payment of Inheritance Tax on PSAs.

1.13. While the relevant changes will apply equally to UK registered schemes and QNUPS, any references to pension schemes in this consultation document should be taken as referring to UK registered pension schemes administered by PSAs. We recognise that QNUPS have a different administrative structure to UK registered schemes, and stakeholders are welcome provide any views on how these changes should be implemented for QNUPS (see Question 8 below).

1.14. Annex A sets out a series of case studies to illustrate how these changes will apply in different scenarios. Annex B sets out a full list of pension benefits which will be included in the value of an individual's estate for Inheritance Tax from 6 April 2027. Annex C contains a glossary of terms used in this consultation document.

Part 2: Inheritance Tax on pension funds and death benefits

Registered pension schemes: background

2.1. There are 2 main types of registered pension scheme. These are:

- defined contribution (DC) – a pension pot based on how much is paid in. Pension contributions are held as investments by the scheme and provide a fund from which pension benefits can be paid. They can be workplace pensions (arranged by employer) or private (arranged by member)
- defined benefit (DB) – usually a workplace pension. Members receive a set amount of benefits, often determined by their salary and length of service rather than the amount paid in

2.2. When a pension scheme member dies, the pension scheme rules will determine who receives any unused pension funds or death benefits. In DC schemes, any unused scheme funds are normally able to be passed on and paid out to beneficiaries in the form of death benefits. DB schemes do not have a dedicated fund which can be inherited, but there may be specific death benefits which become payable, such as a lump sum death benefit or a set amount of pension to a dependant.

2.3. In many cases the scheme rules provide that the pension scheme trustees have discretion in deciding who will receive the death benefits. Scheme members are often able to nominate who they would like to receive any death benefits, but the scheme trustees are generally not obliged to follow the member's wishes. These are referred to as discretionary schemes.

2.4. In other schemes, the rules provide that the scheme member can choose who will receive the death benefits and the scheme trustees or manager has no discretion so must follow the scheme member's directions. These are referred to as non-discretionary schemes.

Inheritance Tax treatment of pension funds and death benefits: current position

2.5. Inheritance Tax is a tax on the estate (the property, money and possessions) of someone who has died. Inheritance Tax is paid on the value of the estate at death, and any gifts made in the 7 years before death, above a threshold known as the nil-rate band. The nil-rate band is currently set at £325,000. There are several further thresholds and exemptions which may be available, including the residence nil-rate band and exemptions for transfers between spouses and civil partners.

2.6. PRs are legally responsible for the estate during the administration period. PRs are required to gather information and seek advice as necessary to settle the deceased's estate. The PRs for the estate usually pay any Inheritance Tax due before passing the remaining inheritance to the beneficiaries.

2.7. Most UK registered pension schemes are discretionary and are therefore currently outside the scope of Inheritance Tax. Existing rules provide that unused pension funds and death benefits from discretionary schemes do not form part of an individual's estate and are therefore not chargeable to Inheritance Tax. There are some pension schemes (for example, the NHS and judicial schemes in the UK and many non-UK schemes) which are non-discretionary. These schemes are treated as part of an individual's estate for Inheritance Tax purposes and tax is paid on them accordingly.

2.8. Where Inheritance Tax is due on a non-discretionary pension, the deceased's PRs are liable to report and account for the estate to HMRC and to pay any Inheritance Tax due, including the portion of Inheritance Tax attributable to the non-discretionary pension scheme. The payment deadline for Inheritance Tax is 6 months after the end of the month in which the death occurs. Late payment interest accrues on any Inheritance Tax which is not paid by this point.

2.9. Making the PRs liable for payment of any Inheritance Tax due on a pension can create liquidity challenges if the PRs themselves do not have access to the relevant pension funds. The PRs of the estate are often not the actual beneficiaries of the pension, and so will have to use other assets in the estate to pay the Inheritance Tax due on the pension element. In these cases, PRs can then seek reimbursement directly from the actual beneficiary of the pension funds or death benefits.

2.10. If the beneficiary draws down the inherited pension to reimburse the PRs for Inheritance Tax, they may then also be liable to pay Income Tax on those funds at their own marginal rate. This can lead to a situation where an additional Income Tax charge arises on funds which have already been subject to Inheritance Tax.

Example 1

An estate is made up of a free estate valued at £1 million and a pension fund valued at £100,000. It benefits from the £325,000 Inheritance Tax nil-rate band. No other nil-rate bands, exemptions or reliefs apply. The pension fund passes to Judy. The Inheritance Tax bill for the free estate (the £1 million) is £281,818.18. The Inheritance Tax bill for the pension fund (the £100,000) is £28,181.82. The PRs pay the whole of the £310,000 Inheritance Tax due, but are entitled to be reimbursed the £28,181.82 from Judy. Judy's marginal rate of Income Tax is 40%. Judy therefore has to withdraw sufficient funds from her pension so that she

has £28,181.82 to pay to the PR after paying Income Tax at her marginal rate.

As her marginal rate is 40%, she has to withdraw £46,969.70 from the pension fund (£46,969.70 income - £18,787.88 Income Tax at marginal rate = £28,181.82 received). So, to settle her Inheritance Tax liability, Judy has had to withdraw much more from her pension. Judy has paid £46,969.70 in Inheritance Tax and Income Tax on the pension fund and will still be liable for Income Tax at her marginal rate when accessing the £53,030.30 remaining in the pension.

Inheritance Tax on unused pension funds and death benefits: changes from April 2027

Making unused pension funds and death benefits liable for Inheritance Tax

2.11. From 6 April 2027, when a pension scheme member dies with unused funds or without having accessed all of their pension entitlements, those unused funds and death benefits will be treated as being part of that person's estate and may be liable to Inheritance Tax. The current distinction in treatment between discretionary and non-discretionary schemes will be removed.

2.12. The change will apply to both DC and DB schemes. It will apply equally to UK registered schemes and QNUPS. This will ensure that most pension benefits are treated consistently for Inheritance Tax purposes, regardless of whether the scheme is discretionary or non-discretionary, DC or DB. Any references to pension schemes in this consultation document should be taken as referring to UK registered pension schemes.

2.13. A small number of specified pension benefits will remain outside scope for Inheritance Tax, including where funds can only be used to provide a dependants' scheme pension. These are currently out of scope in non-discretionary schemes and so will remain out of scope under this change. Annex B provides a full statement of the types of pension benefits which the government proposes will be in and out of scope of Inheritance Tax under the new rules.

New approach to reporting and payment requirements for pension schemes

2.14. From 6 April 2027, PSAs will be required to report details of unused pension funds and death benefits payable in respect of a deceased member to HMRC and pay any Inheritance Tax attributable to those benefits.

2.15. This will require PSAs and PRs to share information with one another. For example, PRs will have to inform PSAs of a member's death, PSAs will need to share details of unused pension funds and death benefits, and PRs will have to calculate and share how much Inheritance Tax nil-rate band is apportioned to the relevant pension. PSAs will be required to use this information to calculate the amount of Inheritance Tax due on the unused pension funds and death benefits, and to report and pay this to HMRC.

2.16. There are several advantages to placing the reporting and payment duty on PSAs rather than the PRs. As set out above, PRs often cannot access pension scheme funds to settle the Inheritance Tax attributable to those funds. Paying any Inheritance Tax due directly out of the pension scheme funds – before they are passed to a beneficiary – prevents situations where the PRs cannot access sufficient funds within the estate in order to pay the Inheritance Tax attributable to the pension funds.

2.17. Requiring Inheritance Tax to be paid directly from pension funds will also prevent an additional Income Tax liability becoming due on the funds used to pay the Inheritance Tax. As illustrated in Example 1 above, if the beneficiary draws down funds from the pension to reimburse PRs for Inheritance Tax paid on the pension, the beneficiary may also have to pay Income Tax on those funds at their marginal rate. Making the Inheritance Tax payment directly from pension funds avoids this problem and reduces the overall Inheritance Tax and Income Tax liability for beneficiaries.

2.18. These changes build on existing information sharing processes. PSAs and PRs are already required to communicate and exchange information to value any unused death benefits (for non-discretionary schemes which are in scope for Inheritance Tax under the current rules) and to establish beneficiaries' Income Tax liabilities in relation to the Lump Sum and Death Benefit Allowance (LSDBA).

2.19. Placing the liability for payment of Inheritance Tax on PSAs also parallels the approach taken when Inheritance Tax is due on funds held in some types of trusts (for example, Qualifying Interest in Possession trusts). In those cases, PRs and trustees are required to communicate and exchange information, but the trustees ultimately have their own liability to pay the Inheritance Tax from funds held in the trust.

When should pension scheme administrators report information to HMRC?

2.20. PSAs will only be required to report information to HMRC after a member's death if there is an Inheritance Tax liability on unused pension funds and/or pension death benefits. PSAs would therefore not be required to report information to HMRC for scheme members if there is no Inheritance Tax due on that member's estate. Most estates will fall into this category.

Example 2

Bill is the PSA of a pension scheme. Yusuf is the PR for Farah's estate. Yusuf writes to Bill to notify him that Farah has died. Bill writes to Yusuf to advise him of the value of Farah's unused pension funds. He also asks Yusuf whether there will be any Inheritance Tax payable on this amount. Yusuf has been gathering all the information about the value of different component of Farah's estate.

He enters this information, including the value of the unused pension funds, into the calculator on GOV.UK. The calculator output confirms that there is no Inheritance Tax to pay and no Inheritance Tax account has to be submitted to HMRC. Yusuf replies to Bill and notifies him that there is no Inheritance Tax to pay on Farah's estate. Bill does not need to report to HMRC or pay any Inheritance Tax on the unused pension funds. He pays out the unused pension funds to the beneficiaries in the usual way.

2.21. PRs will need to inform PSAs whether Inheritance Tax is due on the member's estate. If it is, the PSA will need to report and pay any Inheritance Tax due on the pension element for their scheme to HMRC. PRs will provide PSAs with details of the nil-rate band apportionment for the pension element of the estate, which PSAs should use to calculate how much Inheritance Tax is owed on the pension element.

2.22. The Registered Pension Schemes (Provision of Information) Regulations 2006 set out current information sharing requirements between PRs, PSAs, HMRC and other bodies for payment of benefits and the LSDBA. We will amend these regulations to facilitate any new information sharing processes and requirements for PSAs to comply with their new Inheritance Tax liabilities.

Question 1: Do you agree that PSAs should only be required to report unused pension funds or death benefits of scheme members to HMRC when there is an Inheritance Tax liability on those funds or death benefits?

How will Inheritance Tax be calculated and paid by PSAs

2.23. To report and pay the Inheritance Tax due on pension elements of a scheme member's estate, PSAs will require details of how much of the deceased's Inheritance Tax nil-rate band is to be apportioned to their unused pension funds and death benefits. Inheritance Tax is charged on the value of the deceased's estate which exceeds their nil-rate band. Where an estate includes different elements (for example, property owned directly, property in a trust, pension scheme death benefits), the available nil-rate band is apportioned between those elements.

2.24. After PRs have notified PSAs of a member's death, PSAs will be required to provide PRs with information on the value of any pension elements within the deceased's estate. PSAs will be required to respond to the PRs within 2 months of receiving a request.

2.25. PRs will then be required to calculate the apportionment of the nil-rate band to all unused pension funds and death benefits in scope of Inheritance Tax and to provide this information to PSAs. This apportionment will need to take account of any benefits covered by spousal exemption. If the deceased held relevant funds in more than one scheme, the PR will need to liaise with all PSAs to notify each of them of the respective nil-rate band apportioned to their scheme.

2.26. HMRC will provide a new calculator to enable the PRs to work out the portion of the nil-rate band(s) which applies to the unused pension funds or death benefits. The PR will be able to use the calculator once they have all the information about the estate available. HMRC will also provide a form for PRs to notify PSAs of the nil-rate band and the Inheritance Tax reference number of the estate. PSAs should report the unused pension funds or death benefits to HMRC after PRs have provided them with this information.

Example 3

James is the PSA of a pension scheme, of which Elizabeth is a member. Sam, the PR for Elizabeth's estate, notifies James that Elizabeth has died. James writes to Sam to inform him of the value of Elizabeth's unused pension funds. James also asks whether there will be any Inheritance Tax payable on this amount. Sam has been gathering all the information about the value of other elements in the estate. He enters this information, including the value of the unused pension funds, into the calculator on GOV.UK. The calculator output confirms that Inheritance Tax is payable and that an Inheritance Tax account must be submitted to HMRC through a form IHT400.

The calculator output also sets out how the nil rate bands should be apportioned across different elements of the estate. Sam notifies James of the amount of nil-rate band to be set against the unused pension funds, using a HMRC form provided for this purpose. James calculates the amount of Inheritance Tax due on the unused pension funds using the details provided on the form submitted by Sam. James reports this to HMRC and pays the tax due on the unused pension funds. James can now progress with payment of the remaining unused pension funds to the beneficiaries in the usual way.

2.27. PRs and PSAs are already subject to a number of pre-existing deadlines and provisions to incentivise the timely payment of tax and pension benefits. Most notably, Inheritance Tax must be paid within 6 months of the end of the month in which the death occurred. After this point late payment interest begins to accrue on the outstanding amount of Inheritance Tax.

2.28. From 6 April 2027, if PSAs miss this deadline, they will be charged late payment interest on the amount of Inheritance Tax for which they are liable (i.e. on the amount of Inheritance Tax due on the unused pension funds or death benefits). This is separate to any late payment interest due on the portion of the estate for which the PRs remains liable. Any late payment interest charged to PSAs will be collected, along with the Inheritance Tax outstanding, through an updated online system (see below).

2.29. Under pension rules, PSAs are required to respond to requests for information from PRs within 2 months and inform PRs within 3 months of paying a relevant death benefit. Tax-free death benefit lump sums also become subject to Income Tax if they are not paid out by PSAs within 2 years of the member's death.

2.30. We are interested in stakeholder views on what actions may be incentivised by the combination of these different deadlines and requirements, particularly if PSAs have not received all the relevant information from PRs by the Inheritance Tax payment deadline.

Question 2: How are PSAs likely to respond if they have not received all the relevant information from the PR to pay any Inheritance Tax due on a pension by the 6-month payment deadline?

Question 3: What action, if any, could government take to ensure that PSAs can fulfil their Inheritance Tax liabilities before the Inheritance Tax payment deadline while also meeting their separate obligations to beneficiaries?

2.31. PSAs already report and pay tax to HMRC through the Managing Pension Schemes service (MPS). This is a digital service which is used to report IT charges via the Accounting for Tax (AFT) return. We expect that PSAs will use the MPS service to report and pay Inheritance Tax on any unused pension funds and death benefits. The Accounting for Tax return will be updated to include the ability to report and pay any Inheritance Tax and late interest charges for which PSAs are liable.

Question 4: Do you have any views on PSAs reporting and paying Inheritance Tax and late payment interest charges via the Accounting for Tax return?

Amendments after Inheritance Tax has been paid

2.32. Amendments may be required after PSAs have reported and paid any Inheritance Tax due to HMRC. For example, the PRs may discover further assets or liabilities in the estate, there may be agreed valuation adjustments to assets or liabilities, or recipients of lifetime gifts which were not previously reported may come forward. This could result in the amount of nil-rate band available to use against the unused pension funds or death benefits either increasing or decreasing. In these cases, HMRC would normally adjust the liability and inform the PRs of any additional tax or repayment outstanding.

2.33. There will need to be a clear process for making any necessary amendments and adjustments to Inheritance Tax on unused pension funds or death benefits. PSAs are likely to pay out the pension benefits to the beneficiaries shortly after paying any Inheritance Tax due to HMRC and will be restricted by pension tax legislation and their own scheme rules on what payments can be made after this point. This means that PSAs may not have access to funds to pay any additional Inheritance Tax following an amendment.

2.34. To address this, 12 months after the death of a member, their beneficiaries will become jointly liable with PSAs for the Inheritance Tax due on unused pension funds or death benefits. We expect the high-level process to operate as follows:

- PRs identify that an amendment is needed and notify HMRC (using their reference number)
- HMRC reviews the case and ascertains whether any further Inheritance Tax is due or a repayment or changes to the nil-rate band apportionment
- HMRC notifies PRs and PSAs of further charges or repayments due

- HMRC confirms with PSAs whether all the benefits have been distributed and who the beneficiaries were
- as PSAs are liable for the Inheritance Tax, if they are able to make the further Inheritance Tax payments or pass repayments onto the beneficiaries, HMRC will work with them to resolve the Inheritance Tax position
- from 12 months after the date of death, the member's beneficiaries become jointly and severally liable for the payment of Inheritance Tax. From this point onwards HMRC will also be able to pursue payment or repayments directly with beneficiaries as necessary

2.35. This process will require updates to the information sharing regulations referenced above. We will legislate for these alongside changes to Inheritance Tax legislation.

2.36. We would welcome views on this approach. In particular, we are interested in how beneficiaries can be contacted if further Inheritance Tax amendments are required after PSAs have paid out pension funds or death benefits. One option is that PSAs are required to retain beneficiaries' details for a certain amount of time and provide these to either the PRs or HMRC if any further Inheritance Tax amendments are required.

Question 5: Do you agree that 12 months after end of the month in which the member died is the appropriate point for their beneficiaries to become jointly and severally liable for the payment of Inheritance Tax?

Question 6: What is the most appropriate means of identifying or contacting beneficiaries if either the PR or HMRC realises that an amendment is needed after Inheritance Tax has been paid? Should PSAs be required to retain the details of beneficiaries for a certain period?

Part 3: Process for reporting and paying Inheritance Tax on pensions from 6 April 2027

3.1. The following is a summary of how the proposed process for reporting unused pension funds and death benefits and paying any Inheritance Tax due will typically operate:

- PRs notify relevant PSAs of the member's death and request relevant information
- PSAs of each pension scheme will determine:
 - whether any unused pension funds exist or death benefits are payable
 - who the nominated beneficiaries are (and whether they are surviving spouses or civil partners) including designatory information
 - the amount(s) due to each beneficiary
 - the amount of Lump Sum Allowance (LSA) that member has used in their scheme
- PSAs of each pension scheme will share this information with the PRs
- PRs, after receiving responses from all PSAs, together with all other information regarding the estate, inputs this into a new online calculator which HMRC will provide for this purpose. The calculator will set out if the estate is subject to Inheritance Tax or not, and if so, how the nil rate band(s) should be apportioned across the different components of the estate including the amount allocated to each pension scheme
- PRs send PSAs a sub-statement providing the information included in the previous step which is relevant to their pension scheme
- PSAs will use this information to calculate how much, if any, Inheritance Tax is due, on the unused pension funds or benefits they are holding. Where no Inheritance Tax is due, PSAs will move to the final sub-bullet below:
 - PSAs uses the Accounting for Tax return to report details of the member/estate, the Inheritance Tax due and the date of death
 - HMRC will raise a charge for the Inheritance Tax with a due date of 6 months from the end of the month of death
 - PSAs will pay the Inheritance Tax charge to HMRC through the Accounting for Tax process (interest will accrue on this charge from the due date until it is paid and can be viewed on the pension scheme financial information)
 - PSAs will determine how beneficiaries wish to take their benefits and make payments to them net of Inheritance Tax but subject to appropriate Income Tax as currently
- the PRs submit the appropriate Inheritance Tax forms to HMRC, if required, including the details of the nil-rate band apportionment between different elements of the estate. Any Inheritance Tax due from the non-pension elements of the estate (and any associated interest) is paid to HMRC by the PRs

3.2. The above process will require information to be shared between PSAs, PRs and HMRC in a timely manner. We will update legislation and guidance as required to facilitate this.

3.3. There will be certain scenarios which do not fit neatly into the process set out above. For example, PSAs may not be able to identify PRs, or a deceased individual may not have assets outside of the pension scheme

which require PRs to be appointed. We are also aware that QNUPS, which are included in these reforms, have a different structure to UK registered pension schemes administered by PSAs.

3.4. We invite respondents to this consultation to provide examples of such atypical scenarios or and any other potential issues with this process. We will incorporate these into the response to this consultation and, if appropriate, guidance and legislation.

Question 7: What are your views on the process and information sharing requirements set out above?

Question 8: Are there any scenarios which would not fit neatly into the typical process outlined above? How might we address these?

Question 9: Do you have any other views on the proposal to make PSAs liable for reporting details of unused pension funds and death benefits directly to HMRC and paying any Inheritance Tax due on those benefits? Are there any feasible alternatives to this model?

Part 4: Assessment of impacts

Impact on taxpaying estates

The Exchequer impact of unused pension funds and death benefits forming part of an individual's estate for Inheritance Tax purposes was set out at Autumn Budget 2024.

Summary of impacts

A full and revised set of impacts for this measure will be published in a Tax Information and Impact Note alongside draft legislation in 2025.

Economic impacts

This measure is not expected to have any significant macroeconomic impacts.

Impact on individuals, households and families

This measure will impact the estates of individuals who hold pension benefits which will become subject to Inheritance Tax from 6 April 2027 (Annex B), the PRs of those estates, the beneficiaries of those estates and the beneficiaries of any unused pension funds or death benefits. In many cases, these beneficiaries will be family members of the deceased.

The new process for reporting and paying Inheritance Tax will impact the PRs for the deceased's estate (which in some cases will be a family member of the deceased) and the PSAs who will be required to report and pay the Inheritance Tax due on the pension to HMRC.

This measure will remove the current incentive for individuals to leave accrued pension wealth unused while using other types of assets to fund their retirement. Consequently, it may incentivise certain other behaviours as individuals seek to reduce their overall Inheritance Tax liability.

This measure may increase demand for other Inheritance Tax-relieved or exempted assets, including assets qualifying for Agricultural Property Relief and Business Property Relief.

Individuals could also respond by providing more generous or frequent gifts during their lifetime to pass wealth to beneficiaries. Family members are likely to be the most common beneficiaries of increased gifting. Gifts benefit from the Inheritance Tax annual gift exemption, the small gift allowance, and the 7-year rule, where if a gift is made more than 7 years before a donor's death, no Inheritance Tax is due. Gifting could take place during an individual's lifetime as an alternative to pension saving or, if the individual is able to access their existing pension funds, by drawing down the pension to gift to beneficiaries.

This proposal is not expected to impact on family formation, stability or breakdown.

Equalities impacts

This measure will have an indirect impact on the beneficiaries of estates liable to Inheritance Tax as the value of the estate after Inheritance Tax is paid will be lower than it otherwise would have been. HMRC does not hold data on the beneficiaries of estates, therefore it is not possible to assess whether there are any disproportionate impacts to any groups sharing protected characteristics.

This measure will affect estates of deceased individuals liable to Inheritance Tax. The majority of Inheritance Tax is paid by the estates of individuals

aged 75 or over (81%). Inheritance Tax is also paid by the estates of slightly more females than males. One reason for this is that marriages and civil partnerships in the UK are predominantly between opposite sex individuals. Men generally die at a younger age and those in a marriage or civil partnership will normally pass on all, or a large percentage, of the estate to their spouse or civil partner tax-free.

HMRC do not hold data on the other protected characteristics of deceased individuals with estates liable for Inheritance Tax.

Impact on businesses and civil society organisations

This measure will place new legal responsibilities on PSAs to report to HMRC and pay Inheritance Tax due on unused pension funds and death benefits.

Businesses, including PSAs, may incur some one-off costs as a result of this measure, including overall business familiarisation with the changes, upskilling staff on process changes, and updating software to facilitate the new Inheritance Tax reporting requirements. Continuing costs could include recording and retaining more information and additional exchanges with PRs and HMRC.

As set out above, some individuals affected by these changes may be incentivised to invest in business assets qualifying for Business Property Relief to reduce their overall Inheritance Tax liability.

The proposal is not expected to impact civil society organisations.

Impact on HMRC or other public sector delivery organisations

These changes are expected to have an operational and resourcing impact on HMRC. The full impacts on HMRC will be determined following this technical consultation.

Other impacts

No other impacts have been identified.

Part 5: Summary of consultation questions

Question 1: Do you agree that PSAs should only be required to report unused pension funds or death benefits of scheme members to HMRC when there is an Inheritance Tax liability on those funds or death benefits?

Question 2: How are PSAs likely to respond if they have not received all the relevant information from the PR to pay any Inheritance Tax due on a pension by the 6-month payment deadline?

Question 3: What action, if any, could government take to ensure that PSAs can fulfil their Inheritance Tax liabilities before the Inheritance Tax payment deadline while also meeting their separate obligations to beneficiaries?

Question 4: Do you have any views on PSAs reporting and paying Inheritance Tax and late payment interest charges via the Accounting for Tax return?

Question 5: Do you agree that 12 months after end of the month in which the member died is the appropriate point for their beneficiaries to become jointly and severally liable for the payment of Inheritance Tax?

Question 6: What is the most appropriate means of identifying or contacting beneficiaries if either the PR or HMRC realises that an amendment is needed after Inheritance Tax has been paid? Should PSAs be required to retain the details of beneficiaries for a certain period?

Question 7: What are your views on the process and information sharing requirements set out above?

Question 8: Are there any scenarios which would not fit neatly into the typical process outlined above? How might we address these?

Question 9: Do you have any other views on the proposal to make PSAs liable for reporting details of unused pension funds and death benefits directly to HMRC and paying any Inheritance Tax due on those benefits? Are there any feasible alternatives to this model?

Annex A: Case studies

Case Study 1

1.1. During her working life, Emily made contributions to a DC scheme. She does not leave a surviving spouse or civil partner. At the date of her death, aged 73, her pension fund is valued at £700,000. The remainder of her estate is valued at £800,000. During her retirement, Emily did not draw on her DC pension as she had other assets and savings to meet her everyday spending requirements. Following her death Emily's DC pension fund will pass to beneficiaries chosen by the pension scheme. Under the pension

scheme rules the fund can be taken by the beneficiaries either as a lump sum death benefit payment, or as a flexi-access drawdown pension.

Current position

1.2. For Inheritance Tax purposes Emily's estate is valued at £800,000. The DC pension fund does not form part of Emily's estate for Inheritance Tax purposes because Emily does not have a power to dispose of it as she wishes. Emily's estate is liable to Inheritance Tax of £190,000 ($£800,000 - £325,000$ nil rate band = $£475,000$. Inheritance Tax charged at 40% = $£190,000$).

Position from 6 April 2027

1.3. The value of Emily's DC pension fund will be included within her estate immediately before her death for Inheritance Tax. Emily's estate, for Inheritance Tax purposes, will be valued at £1,500,000 and the Inheritance Tax liability will be £470,000. ($£1,500,000 - £325,000$ nil rate band = $£1,175,000$. Inheritance Tax charged at 40% = $£470,000$). The PSA would be liable to pay £219,333 from the unused pension funds before paying any benefits. The PR would be liable for Inheritance Tax on rest of the estate of £250,667.

Case Study 2

This case study sets out how the changes will impact an individual with a DB pension, increasing their liability.

2.1. Jas dies aged 65, without leaving a surviving spouse or civil partner. Under the terms of her DB pension scheme, a lump sum death benefit of £200,000 is payable on death provided she had not started to take her pension, which she hadn't. Jas had made plans for her son to receive the lump sum death benefit. As the pension scheme was discretionary, Jas could only express her wishes that any lump sum death benefit was paid to her son. As her son is not classed as a dependant, as he is 33, there will no dependant's pension paid out. At the date of her death, the remainder of Jas's estate is valued at £400,000.

2.2. If Jas had crystallised her DB pension before death, there would be no lump sum death benefit payable and her Inheritance Tax position would be altered by this change.

Current position

2.3. For Inheritance Tax purposes, Jas's estate is valued at £400,000. The lump sum death benefit is not included as Jas was not able to make a

binding nomination as to who would receive the benefit. Jas's estate is liable to Inheritance Tax of £30,000. (£400,000 - £325,000 nil rate band = £75,000. Inheritance Tax charged at 40% = £30,000).

Position from 6 April 2027

2.4. The value of Jas's lump sum death benefit will be included within her estate immediately before death for Inheritance Tax. Jas's estate, for Inheritance Tax purposes, will be valued at £600,000 and the Inheritance Tax liability will be £110,000. (£600,000 - £325,000 nil rate band = £275,000. Inheritance Tax charged at 40% = £110,000). The PSA would be liable to pay Inheritance Tax of £36,667 from the lump sum death benefit before paying this to her son. The PR would be liable for Inheritance Tax of £73,333

Case Study 3

This case study sets how the changes will impact on a member with a DC pension which doesn't increase their liability for Inheritance Tax.

3.1. During his working life, Joe made contributions to a DC scheme. At the date of his death, aged 70, his remaining pension fund is £50,000. The remainder of his estate is valued at £260,000. Following his death, Joe's DC pension will pass to beneficiaries chosen by the pension scheme; this may be paid as a lump sum or as a pension. The remainder of his estate will pass to his nephew as he has no other next of kin.

Current position

3.2. For Inheritance Tax purposes, Joe's estate is valued at £260,000. The DC pension fund does not form part of Joe's estate for Inheritance Tax purposes because he does not have a power to dispose of it as he wishes. No Inheritance Tax will be due as the value of the estate is below the nil-rate band of £325,000.

Position from 6 April 2027

3.3. The value of Joe's DC pension fund will be included within his estate immediately before his death for Inheritance Tax. Joe's estate, for Inheritance Tax purposes, will be valued at £310,000. No Inheritance Tax will be due as the total value of the estate including the pension death benefit is below the nil-rate band of £325,000.

Case Study 4

This case study sets out how changes will impact deceased members when benefits are passed to spouses or civil partners.

4.1. Andrew dies aged 70. At the date of his death, the value remaining in his DC pension fund is £400,000. The remainder of his estate is valued at £1,200,000 which passes to his civil partner. Although Andrew expressed his wish for any value remaining in his pension to be passed to his civil partner, this is at the discretion of the pension scheme trustees. Generally, transfers between spouses or civil partners are wholly exempt from Inheritance Tax.

Current position

4.2. For Inheritance Tax purposes, Andrew's estate is valued at £1,200,000. The DC pension fund does not form part of Andrew's estate for Inheritance Tax purposes because he does not have a power to dispose of it as he wishes. As the remainder of Andrew's estate passes to his civil partner, the transfer is exempt from Inheritance Tax, meaning no Inheritance Tax is due.

Position from 6 April 2027

4.3. The value of Andrew's DC pension fund will be included within his estate immediately before his death for Inheritance Tax. Andrew's estate, for Inheritance Tax purposes, will be valued at £1,600,000. Assuming the value remaining in Andrew's pension fund as well as the remainder of his estate passes to his civil partner, the transfer of both the estate and the pension fund will be exempt from Inheritance Tax, meaning no Inheritance Tax is due.

4.4. If the value remaining in Andrew's pension fund is paid to someone other than his civil partner, the nil-rate band may be available to reduce the Inheritance Tax due on the pension death benefit, with Inheritance Tax being due on the amount above the nil rate band.

Case Study 5

This case study sets out how the changes will impact a member who dies above age 75, when unused pension and pension benefits are also subject to Income Tax.

5.1. During his working life, Amir made contributions to a DC scheme. At the date of his death, aged 80, the pension fund is valued at £400,000. The remainder of his estate is valued at £1,000,000. Following his death Amir's DC pension fund will be paid to beneficiaries chosen by the pension

scheme trustees, although he has nominated his grandchild. The pension scheme rules allow the fund to be taken by the beneficiaries either as a lump sum death benefit payment, or as any type of pension income. They choose to follow Amir's nomination and pay to a beneficiary who is not a surviving spouse or civil partner.

Current position

5.2. For Inheritance Tax purposes, Amir's estate is valued at £1,000,000 and is liable to Inheritance Tax of £270,000 (£1,000,000 - £325,000 nil rate band = £675,000. Inheritance Tax charged at 40% = £270,000). The DC pension fund does not form part of Amir's estate for Inheritance Tax purposes because Amir does not have a power to dispose of it as he wishes.

5.3. Income Tax will be due on any lump sum or pension paid to the beneficiary as Amir was aged over 75 when he died. The PSA will usually deduct Income Tax at recipients' marginal rate from payments when they are made.

Position from 6 April 2027

5.4. The value of Amir's DC pension fund will be included within his estate immediately before his death for Inheritance Tax. Amir's estate, for Inheritance Tax purposes, will be valued at £1,400,000. Amir's estate is liable to Inheritance Tax of £430,000 (£1,400,000 - £325,000 nil rate band = £1,075,000. Inheritance Tax charged at 40% = £430,000).

5.5. The PR will be liable for Inheritance Tax of £307,143 which is paid from the non-pension element of the estate.

5.6. The PSA is liable for Inheritance Tax of £122,857 on the pension element of Amir's estate. When this is deducted from the pension fund, it leaves £277,143 which the grandson can then decide how to split between a lump sum or pension income. As at present, if needed, the PSA will deduct Income Tax at the grandson's marginal rate when payments are made. The rate could vary depending on how the grandson takes the benefits.

Case Study 6

This case study sets out how the changes will impact a member of a non-discretionary pension scheme, their PR and beneficiaries.

Current position

6.1. Max was a member of a non-discretionary pension scheme where he was able to choose who would receive his pension death benefit. Max died age 77. At the date of death, Max had an estate worth £275,000, as well as a pension death benefit worth £1,000,000. The pension death benefit passes to Max's chosen beneficiary, his child.

6.2. Based on a nil-rate band of £325,000 and an Inheritance Tax rate of 40%, the tax due will be £380,000 ($£1,275,000 - £325,000$ nil rate band = £950,000. Inheritance Tax charged at 40% = £380,000).

6.3. As the Inheritance Tax charge is greater than the £275,000 the PRs have access to, the amount that they pay will be limited to £275,000. For any remaining tax due, HMRC would request payment directly from the beneficiaries of the pension scheme. In this case, HMRC would approach the beneficiary of the death benefit (Max's child) for an Inheritance Tax payment of £105,000 ($£380,000 - £275,000$). The PRs may also approach Max's child for repayment of the Inheritance Tax charge that was paid out of the estate that relates to the pension element, a further £193,039.

6.4. Where HMRC requests payment of the Inheritance Tax liability from a beneficiary, if the death benefits haven't been paid out as a lump sum, the beneficiary may need to withdraw funds from the pension scheme in order to pay the Inheritance Tax charge. As Max was aged 77 when he died, any withdrawal would also be subject to Income Tax at the beneficiary's marginal rate.

Position from 6 April 2027

6.5. The value of Max's pension death benefit will be included within his estate immediately before his death for Inheritance Tax. Max's estate, for Inheritance Tax purposes, will be valued at £1,275,000 and the Inheritance Tax liability will be £380,000. ($£1,275,000 - £325,000$ nil rate band = £950,000. Inheritance Tax charged at 40% = £380,000).

6.6. The value of Max's pension death benefit will be included within his estate immediately before his death for Inheritance Tax. Max's estate, for Inheritance Tax purposes, will be valued at £1,275,000 and the Inheritance Tax liability will be £380,000. ($£1,275,000 - £325,000$ nil rate band = £950,000. Inheritance Tax charged at 40% = £380,000).

6.7. The PR will now be liable for Inheritance Tax of £81,961, payable out of the non pension element of the estate.

6.8. The PSA is liable for Inheritance Tax of £298,039 on the pension element of Max's estate. When this is deducted from the pension fund, it leaves £701,961 for Max's child.

Case Study 7

This case study shows how new changes will work for a deceased member who has multiple schemes and beneficiaries.

7.1. Peter dies aged 76, having taken some of his pension but leaving 2 DC schemes with unused funds. He leaves most of his estate to his surviving spouse, but some to his 2 children. His nominated beneficiaries for his discretionary pension schemes are his spouse (50%) and children (25% each) in both pension schemes. The PSAs pay in line with his wishes. The value of fund held by Pension Scheme 1 is £200,000, while Pension Scheme 2 has £250,000.

7.2. The total value of the non-pension element of the estate is £700,000. Peter chooses to leave £500,000 to his spouse, with the remaining £200,000 going to his children. The total value of the estate is therefore £1,150,000.

7.3. The value of the estate liable for Inheritance Tax is therefore £425,000, taking into account the Inheritance Tax spouse exemption. ($£1,150,000 - £500,000 = £650,000$). The £225,000 reflects the payments of £100,000 and £125,000 from the 2 pension schemes to his children.

7.4. Peter's total estate is liable to Inheritance Tax of £40,000 ($£425,000 - £325,000$ nil rate band = £100,000. Inheritance Tax charged at 40% = £40,000). The pension element makes up 53% of the estate and therefore the PRs advise the PSAs of Pension Scheme 1 that they have £76,471 of nil-rate band attributable to their payments. Whilst Pension Scheme 2 has £95,588.

7.5. Peter's wife would receive 2 payments of £100,000 and £125,000 respectively from the 2 PSAs, which will be paid subject to Income Tax at her marginal rate (if this was 40% she would pay £90,000 of IT).

7.6. Each child will receive a payment of £45,294 (£50,000 net of Inheritance Tax) from pension scheme 1. and £56,618 (£62,500 net of Inheritance Tax) from pension scheme 2. This would a total of £101,912 taxable income at their marginal rate (if this was 40% they would each pay £40,765) which would be deducted the pension schemes.

Annex B: Authorised Pension Death Benefits included in the value of an individual's estate for Inheritance Tax from 6 April 2027

Death Benefit	Scheme	Description	Included in value of estate for Inheritance Tax?
Dependants scheme pension	Defined benefit and Defined contribution	Income taxed at beneficiaries' marginal rate.	No
Dependants annuity	Defined contribution	Income.	Yes
Dependants drawdown pension	Defined contribution	As above	Yes
Dependants short-term annuity	Defined contribution	As above	Yes
Dependants drawdown pension fund	Defined contribution	As above	Yes
Dependants flexi-access drawdown	Defined contribution	As above	Yes
Nominees annuity	Defined contribution	As above	Yes
Nominees short-term annuity	Defined contribution	As above	Yes
Nominees flexi-access drawdown	Defined contribution	As above	Yes
Successors annuity	Defined contribution	As above	Yes
Successors short-term annuity	Defined contribution	As above	Yes

Death Benefit	Scheme	Description	Included in value of estate for Inheritance Tax?
Successors flexi-access drawdown	Defined contribution	As above	Yes
Defined benefits lump sum death benefit	Defined benefit	Lump Sum. Usually paid if member is still employed.	Yes
Pension protections lump sum death benefit	Defined benefit	Lump sum. Usually paid if a member dies within a short period after taking their pension.	Yes
Uncrystallised funds lump sum death benefit	Defined contribution	Lump Sum. Only paid from uncrystallised funds.	Yes
Annuity protection lump sum death benefit	Defined contribution	Lump sum. Allows beneficiaries to take lump sum from an annuity.	Yes
Drawdown lump sum death benefit	Defined contribution	Lump Sum. Allows beneficiaries to withdraw lump sum from a drawdown fund.	Yes
Flexi-access drawdown fund lump sum death benefit	Defined contribution	As above	Yes
Charity lump sum death benefit	Defined contribution	Included in the estate for Inheritance Tax, but exempt provided payment made to a qualifying charity	No
Trivial commutation	Defined benefit and	Taxed at beneficiaries'	Yes

Death Benefit	Scheme	Description	Included in value of estate for Inheritance Tax?
lump sum death benefit	Defined contribution	marginal rate	

In most cases the Income Tax treatment of the benefit will depend on the age of the member when they died.

All life policy products purchased with pension funds or alongside them as part of a pension package offered by an employer are not in scope of the changes in this consultation document.

Any unauthorised payments made from a deceased member's pension fund will be in scope of Inheritance Tax.

Annex C: Glossary

Glossary of terms used in this consultation

Accounting for Tax return

The return that Pension Scheme Administrators complete to report a tax liability to HMRC. These are submitted on the Managing Pension Schemes service.

Crystallised funds

Pension benefits which have been accessed by a member. For example, in DC schemes, the member crystallise money into a flexi-access drawdown fund. The member can then take money from the drawdown fund, which is treated as pension income and subject to Income Tax when they receive it.

Defined benefit scheme

Usually a workplace pension. Members receive a set amount of benefits, often determined by their salary and length of service rather than the amount paid into the pension.

Defined contribution scheme

A pension fund based on based contributions made during the member's lifetime. Pension contributions are held as investments by the scheme and provide a fund from which pension benefits can be paid.

Discretionary scheme

A pension scheme where the benefits are paid at the discretion of the pension scheme trustees or providers, even where there is a nominated beneficiary. Discretionary schemes are not usually liable to Inheritance Tax.

Estate

The money, property and possessions of someone who has died. When an individual dies, their personal representative will establish the value of their estate to determine whether there is any Inheritance Tax to pay.

Lump Sum and Death Benefit Allowance

The maximum value of benefits that an individual or their beneficiaries can take from all of their pension schemes as a tax-free lump sum.

Managing Pension Schemes service

The digital service for Pension Scheme Administrators to report and pay tax to HMRC.

Nil-rate band

The amount of an individual's estate which can be passed to their beneficiaries free of Inheritance Tax. The nil-rate band is currently set at £325,000. Any unused nil-rate band following the death of an individual can be transferred to their surviving spouse or civil partner to give a nil-rate band of up to £650,000 for the surviving spouse or civil partner.

Non-discretionary scheme

A pension scheme where the pension scheme trustees or providers have no discretion over who receives the pension benefits after a member dies. These schemes are already liable to Inheritance Tax.

Pension death benefits

This is used to describe any benefit (both income and lump sums) paid out on the death of a member. Death benefits can come from crystallised or uncrystallised funds.

Pension scheme administrators

The person or persons appointed in accordance with the pension scheme rules to be responsible for the discharge of the functions conferred or imposed on the scheme administrator of the pension scheme by and under Part 4 of Finance Act 2004.

Personal representatives

The person or persons responsible for administering the estate of someone who has died and determining whether any inheritance tax is due.

Residence nil-rate band

An additional amount of up to £175,000 (on top of the existing £325,000 nil rate band) which can be passed on free of Inheritance Tax to individuals leaving a qualifying residence to their direct descendants. As with the nil-rate band, any unused residence nil-rate band can be transferred to a surviving spouse or civil partner to give a residence nil-rate band of up to £350,000 for the surviving spouse or civil partner.

Spouse or civil partner exemption – any amounts left to a spouse or civil partners in a deceased person's estate are wholly exempt from Inheritance Tax.

Unused pension funds

Any unused pension available on the death of the member in a DC scheme. It includes both uncrystallised funds and funds left in a draw-down fund.

Annex D

How to respond

A summary of the questions in this consultation is included in Part 5 of this document.

Responses should be sent by 22 January 2025, by e-mail to: ihonpensions@hmrc.gov.uk or by post to:

Assets, Residence and Valuation team
HMRC
100 Parliament Street
Westminster

Please do not send consultation responses to the Consultation Coordinator.

Paper copies of this document in Welsh may be obtained free of charge from the above address.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

HMRC is committed to protecting the privacy and security of your personal information. This privacy notice describes how we collect and use personal information about you in accordance with data protection law, including the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act (DPA) 2018.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes.

These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection

Act 2018, UK General Data Protection Regulation (UK GDPR) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential.

If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs.

Consultation Privacy Notice

This notice sets out how we will use your personal data, and your rights. It is made under Articles 13 and/or 14 of the UK General Data Protection Regulation.

Your data

We will process the following personal data:

Name
Email address
Postal address
Phone number
Job title

Purpose

The purpose(s) for which we are processing your personal data is for consultation on 'Inheritance tax on pensions: liability, reporting and payment.

Legal basis of processing

The legal basis for processing your personal data is that the processing is necessary for the exercise of a function of a government department.

Recipients

Your personal data will be shared by us with HM Treasury.

Retention

Your personal data will be kept by us for 6 years and will then be deleted.

Your rights

You have the right to request information about how your personal data are processed, and to request a copy of that personal data.

You have the right to request that any inaccuracies in your personal data are rectified without delay.

You have the right to request that any incomplete personal data are completed, including by means of a supplementary statement.

You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.

You have the right in certain circumstances (for example, where accuracy is contested) to request that the processing of your personal data is restricted.

Complaints

If you consider that your personal data has been misused or mishandled, you may make a complaint to the Information Commissioner, who is an independent regulator. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 0303 123 1113

Email: casework@ico.org.uk

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

Contact details

The data controller for your personal data is HM Revenue and Customs.
The contact details for the data controller are:

HMRC
100 Parliament Street
Westminster
London
SW1A 2BQ

The contact details for HMRC's Data Protection Officer are:

The Data Protection Officer
HM Revenue and Customs
14 Westfield Avenue
Stratford
London
E20 1HZ

Email: advice.dpa@hmrc.gov.uk

Consultation Principles

This call for evidence is being run in accordance with the government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website:
[Consultation Principles Guidance \(http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance\)](http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance)

If you have any comments or complaints about the consultation process, [please contact the Consultation Coordinator \(https://www.tax.service.gov.uk/submissions/new-form/make-a-comment-or-complaint-about-hmrc-consultations\)](https://www.tax.service.gov.uk/submissions/new-form/make-a-comment-or-complaint-about-hmrc-consultations).

Please do not send responses to the consultation to this link.



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