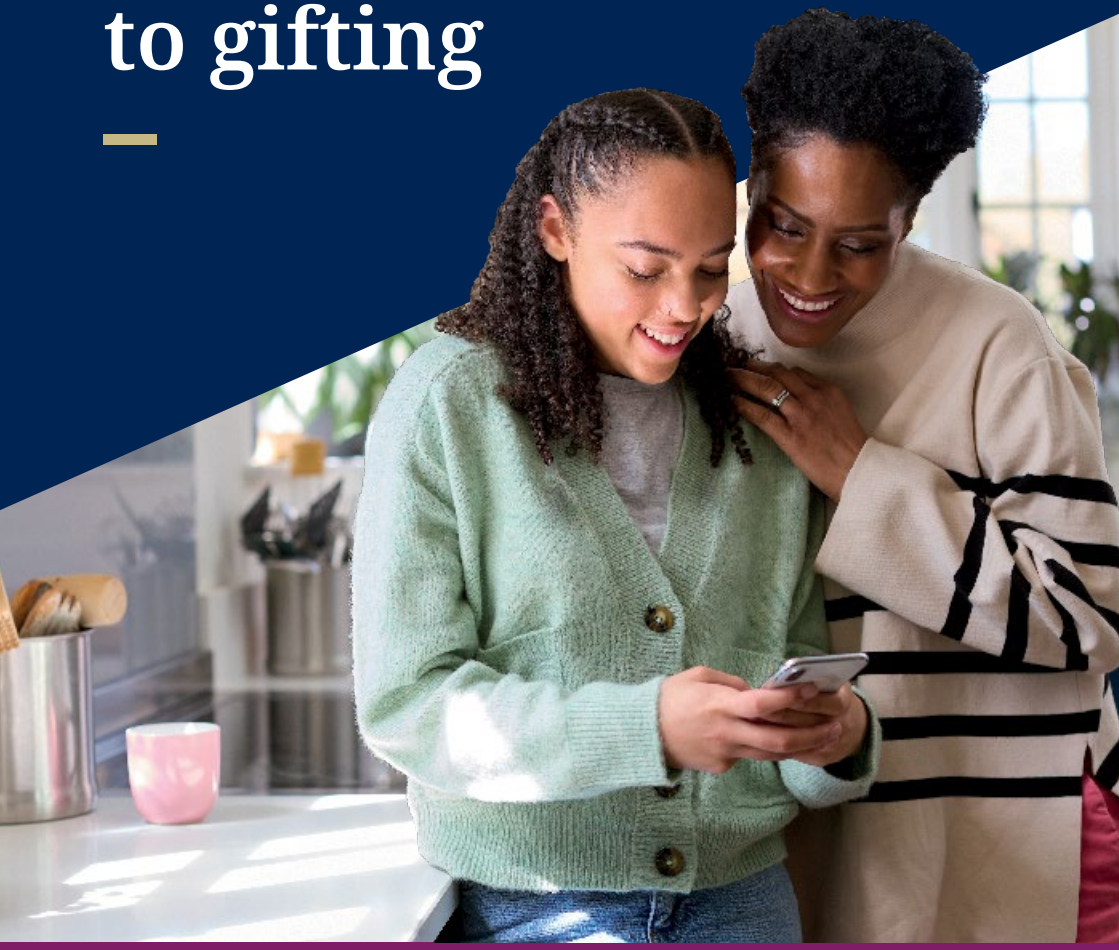
Your guide to gifting



Sandringham
FINANCIAL PARTNERS

www.sandringham.co.uk

Your guide to **gifting**

Giving money, investments or other assets to loved ones during your lifetime can be a simple way to help them financially, and potentially reduce the value of your estate for inheritance tax (IHT) purposes.

Whether you're helping a child buy their first home, supporting a grandchild through university or simply thinking about passing on wealth to future generations, gifting can be a valuable part of both your financial planning and estate planning.

This guide explores some of the most common gifting options and practical points to consider.

While gifting can be straightforward, there are rules and tax considerations that may apply depending on the size and type of gift you make.

It's important to consider your own financial needs before making a gift. A financial adviser can help you understand the options available and any tax implications.

This information is based on our current understanding – as at 18 September 2026 – of taxation law and practice in the UK, which may change. Tax rules can change and the impact of taxation, and any tax relief, depends on your personal circumstances and where you live.

Why make a **gift?**

People choose to make gifts for a variety of reasons, including:

- helping children or grandchildren with major life events, such as funding education, or buying a home
- providing financial support to loved ones when they need it most
- seeing loved ones benefit from your wealth, during your lifetime
- passing on wealth to future generations
- helping manage a potential inheritance tax (IHT) liability



More than **money**

Gifts can take many forms, not just money, including:

- household and personal possessions such as furniture, jewellery or antiques
- property, land or buildings
- stocks and shares listed on the London Stock Exchange
- certain unlisted shares

What about **inheritance tax?**

Some gifts you make during your lifetime may be taken into account for inheritance tax purposes after your death.

Others can be inheritance tax-free and some might have inheritance tax to pay, either during your lifetime or on your death, depending on:

- who receives the gift and their relationship to you
- the value of the gift
- when the gift was made
- whether any gifting exemptions apply.

We recommend speaking to your financial adviser, solicitor or tax adviser about what you can gift free from inheritance tax during your lifetime.

Gifts that are usually exempt from inheritance tax

Some gifts are exempt or free from inheritance tax.

There is no inheritance tax to pay on gifts between spouses or civil partners, regardless of the amount gifted, provided that you are legally married or in a civil partnership and your spouse or civil partner lives permanently in the UK.

There's also no inheritance tax to pay on any gifts you give to charities or political parties.

Thinking about **gifting?**

Whether you'd like to help loved ones financially, celebrate a milestone or plan for the future, there are a number of ways to pass on money or assets during your lifetime. Here are some of the most common gifting options to consider.

Can I help my children or loved ones financially?

You can gift up to £3,000 each tax year (6 April to 5 April) without it being added to the value of your estate – known as your 'annual exemption'.

Any unused exemption can be carried forward for one tax year.

At a glance: £3,000 each tax year. Potentially £6,000 if using the previous year's unused exemption

Can I make smaller gifts?

You can gift up to £250 per person each tax year to as many people as you like, as long as you haven't used another allowance on the same person.

At a glance: £250 per recipient

Can we gift money together?

Married couples and civil partners can combine their annual exemptions and other gifting allowances.

At a glance: Up to £6,000 each tax year between you. Potentially up to £12,000 if both of you haven't used the previous year's exemption

What if a loved one is getting married?

You can give an inheritance tax-free gift when someone gets married or enters a civil partnership.

At a glance:

- Up to £5,000 to a child
- Up to £2,500 to a grandchild or great-grandchild
- Up to £1,000 to anyone else.

Can I gift from my income?

Regular gifts made from your surplus income, rather than capital, may be immediately outside your estate if they do not affect your standard of living. These are known as 'normal expenditure out of income' and include, for example, paying rent for your child or giving financial support to an elderly relative.

These gifts can be a valuable estate planning tool. Records should be kept to demonstrate eligibility.

At a glance: Exempt straight away if conditions are met



What about larger gifts?

Some gifts you make can be taken into account for inheritance tax purposes during your lifetime and others are only taken into account on your death.

You can make an outright gift of any amount of cash or assets – such as investments or property – to other people and certain types of trusts during your lifetime. If you survive for seven years no inheritance tax will be due on these gifts. This is known as the 'seven-year rule'.

If you die within seven years of making a gift like this, the person who received it might have inheritance tax to pay on it.

What if I'd like to keep some control over what I give away?

Making an outright gift usually means giving up ownership and control of the cash or assets. While you may want to help loved ones financially, you might not feel comfortable giving up that control.

If you'd like to pass on wealth while still having some say over how and when your beneficiaries or loved ones can access it, certain types of trust can offer that balance.

A gift into trust like this might mean that inheritance tax is payable during your lifetime.

In addition to exempt gifts, everyone has an inheritance tax-free allowance, known as the 'nil rate band' (currently £325,000). During your lifetime, you can use this allowance to make gifts into trust, and no inheritance tax will be payable.

If you gift more than your available nil rate band (currently £325,000) into trust, then the trustees may have to pay inheritance tax when the trust starts and at different points during the lifetime of the trust.

We recommend you get advice from your financial adviser, a solicitor or tax adviser about inheritance tax on trusts.

How do larger gifts affect inheritance tax on my estate?

If you die within seven years of making a gift, its value may be taken into account when calculating inheritance tax on your estate.

This means the gift could use up some or all of your available inheritance tax-free allowance. As a result, it's more likely that inheritance tax will have to be paid on your estate, leaving less to pass on to your loved ones.

How are larger gifts treated for inheritance tax if I die within seven years?

If you die within seven years of giving a gift and it's within the nil rate band (currently £325,000) there's no inheritance tax due. If it's above the nil rate band and there's inheritance tax to pay on it, the amount of tax due after your death depends on:

- whether any gifting exemptions apply
- who received the gift and their relationship to you
- the value of the gift
- when the gift was given
- other gifts you made within seven years of your death and when you made them.

Gifts above the nil rate band given:

- in the three years before your death are taxed at 40%
- three to seven years before your death are taxed on a sliding scale known as 'taper relief'.

Taper Relief

Years between gift and death	Rate of tax on the gift
3 to 4 years 32%	32%
4 to 5 years 24%	24%
5 to 6 years 16%	16%
6 to 7 years 8%	8%
7 or more 0%	0%

Taper relief only applies if the total value of gifts made in the seven years before you die is over the £325,000 nil rate band.

At a glance: Seven-year rule may apply

Making **gifting** part of your plan

It can often help to consider gifting along with your wider financial plan and your estate planning arrangements.

Giving money to loved ones can be rewarding. However it's important to consider your own needs and ensure you're comfortable giving away the money or assets involved, before making any gifts.

Good planning and record keeping can also make life easier for your beneficiaries and executors in the future.

Did you know?

Many people are aware of the seven-year rule for larger gifts, but fewer realise that regular gifts made from surplus income may be immediately outside their estate for inheritance tax purposes if certain conditions are met.

A simple **gifting** checklist

Here are some questions to consider before making a gift:

- Will I still have enough money to support my own lifestyle and future plans?
- Could I need access to this money later?
- Have I considered whether any gifting exemptions may apply?
- Have I recorded who received the gift, when it was made and how much was given?
- If the gift is being made from surplus income, do I have evidence to support this?
- Does gifting fit with my wider financial and estate planning objectives?

Keeping a record of your **gifts**

Keeping a simple record of the gifts you've made can be helpful for both you and your executors. When making a gift consider recording:

- the date the gift was made
- who received the gift
- the amount or asset gifted
- any gifting exemption that may apply
- whether the gift was made from surplus income.

Below is an example of how you might keep track of your gifts. It's also a good idea to retain supporting documents, such as bank statements or records of regular gifts made from income, as these may help your executors administer your estate in the future.

Talk through your options?

For more information visit **gov.uk/inheritance-tax/gifts**

A financial adviser can help you understand which gifting options may be suitable for your circumstances, explain any tax implications, and help ensure gifting safely forms part of your wider financial and estate planning arrangements.

Date	Recipient	Amount or asset gifted	Exemption used (if applicable)
03.02.2026	Sarah (daughter)	£3,000 cash gift	Annual exemption
11.03.2026	Thomas (grandson)	£250 birthday gift	Small gifts exemption
12.06.2026	Emma (granddaughter)	£2,500 wedding gift	Wedding gift exemption
01.09.2026	Michael (son)	Monthly gift of £200	Gifts from surplus income

The examples shown are for illustrative purposes only.

Sandringham Financial Partners Ltd ("Sandringham") is authorised and regulated by the Financial Conduct Authority. FCA Number: 581304. Registered Office: Suite 15, The Media Centre, 7 Northumberland Street, Huddersfield, HD1 1RL. Registered in England and Wales No: 08022795. VAT Registered: 235 3237 81. Sandringham Financial Partners Ltd is a wholly owned subsidiary of M&G plc (Registered Number 11444019).