



There's no respite for HMRC with inheritance tax (IHT) accounts, undeclared dividend income and gains from share disposals to scrutinise.

HMRC is currently busy with several ongoing checks. They are looking at IHT accounts, targeting undeclared dividend income and making sure any gains from share disposals have been correctly declared.

### **Inheritance tax accounts**

The complexities of IHT can catch out even seasoned observers and there are many pitfalls, including:

- **Business property:** 100% relief from IHT may be available, so it is important to make sure claims are correct. It is worth noting that relief may not be available if a business has a large amount of cash or assets held as investments.
- **Valuations:** HMRC might contest valuations submitted in respect of unquoted shares, property or jointly owned assets. To avoid problems, obtain formal IHT valuations from experts.
- **Payment deadline:** IHT on an estate must be paid within six months after the end of the month in which death occurred; this is a much tighter deadline than for most other major taxes.

### **Dividend income**

HMRC is writing to company owners who may have undeclared dividend income. Its approach is to compare a company's reported profits with the movement in reserves. Where a difference is identified, this could be an indication of dividends being paid to shareholders.

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Anyone receiving a letter should contact HMRC within 30 days of its receipt, even if there is no dividend income to declare, or risk facing a compliance check.

## Share disposals

Letters are also being sent to taxpayers who have disposed of shares but are suspected of omitting the details from their tax returns.

HMRC has looked for discrepancies by checking the information it has on share disposals against details declared on self-assessment tax returns. Anyone receiving a letter will have 60 days to amend their return.

If no capital gains tax is due on the disposal identified by HMRC, the taxpayer needs to explain why in writing.

HMRC's guide to valuing an estate for IHT purposes can be found [here](#).

## We can help

Please call us on **01753 888 211** or email **info@nhllp.com** if you need guidance with any of the issues raised in this Broadcast. We would be happy to help.