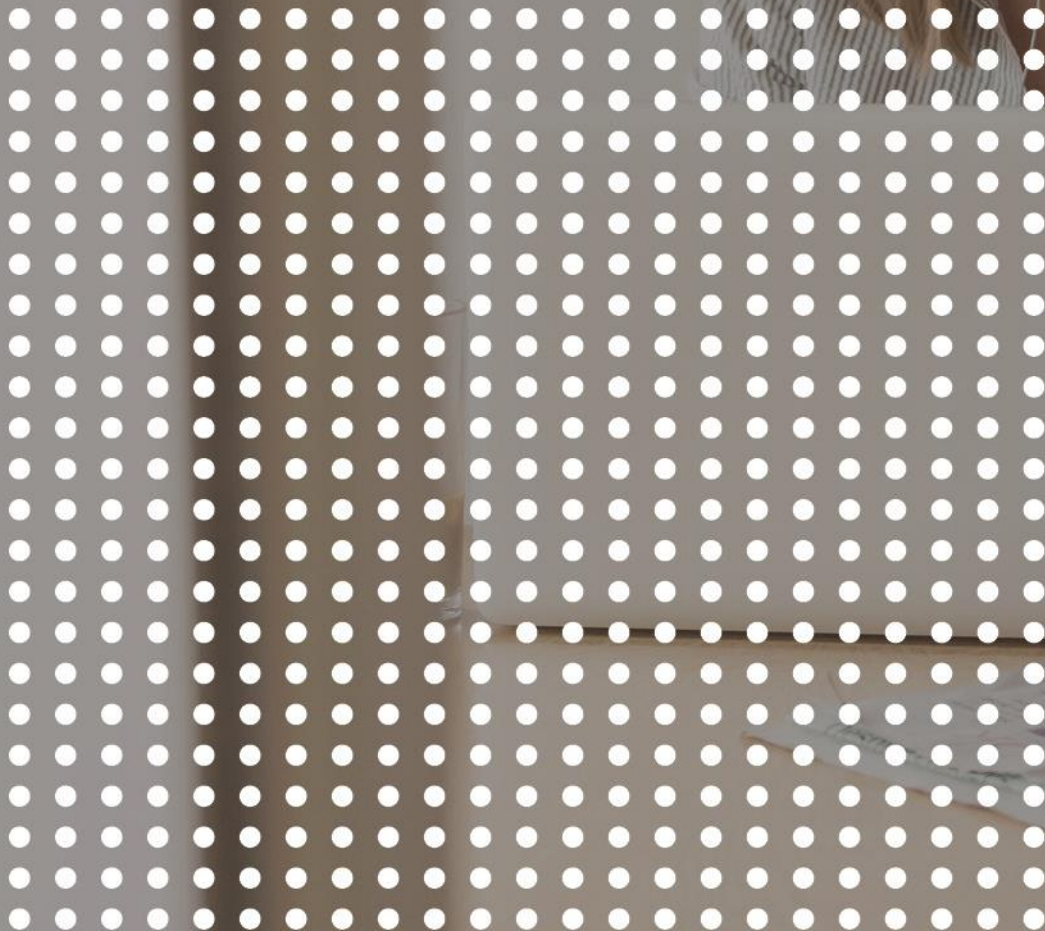


Deceased estates

An executor's guide to handling tax requirements

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Deceased estates: navigating the tax

Personal representatives or executors are commonly appointed during an individual’s life to carry out their instructions on handling their estate after they die. This legal responsibility entails complying with HMRC’s tax requirements and deadlines. In this article, we’ll set out what executors need to do to manage the tax requirements of a deceased person’s estate.

When executors need to report an estate to HMRC

After a person dies, any income that arises from their assets during the administration period — from the day after they die until the date all assets have been distributed from their estate — may need reported to HMRC.

- There are a number of factors to consider. These include:
- The total value of the individual’s estate on death.
- How much income was generated during the administration period.
- The amount of tax liable during the administration period, if any.

When executors don’t need to report an estate to HMRC

Up to 5 April 2024	From 6 April 2024
If the only income the estate received during the administration period was from bank interest and this was less than £500 , you’re not required to report the income to HMRC.	If all types of income during the administration period are less than £500 , you’re not required to report the income to HMRC.
	If the total income exceeds £500, tax is due on the full amount.
	The £500 tax free amount is available for each tax year during the administration period. Any unused amounts are lost.

What to report for estates with a total income in excess of £500

The reporting requirements depend on whether an estate is ‘simple’ or ‘complex’.

What is a ‘simple estate’?

An estate is ‘simple’ if all the conditions set out below apply during the administration period:

- The total value of the estate on death was valued at less than £2.5million.
- The total income tax and capital gains tax is less than £10,000.

- Less than £500,000 of assets were sold during a single tax year throughout the administration period.

If all the conditions above are met, the executors can write to HMRC to inform them of the liability due for the administration period. This is known as an “informal arrangement”.

What to include for an informal arrangement

The letter to HMRC should include this information:

- Name, address and phone number of the person writing the letter.
- Name, address, National Insurance number, Unique Tax Reference (UTR) of the deceased person.
- Details of any income tax and capital gains tax due for the whole administration period.
- Details of any income tax and capital gains tax already paid during the administration period.

How to settle tax liabilities for a simple estate

Once HMRC receive the letter from the executors, they'll provide details on how to settle the tax liability due.

What is a ‘complex estate’?

If the estate you're dealing with does not meet the ‘simple’ conditions, it will meet the criteria of a ‘complex estate’.

How to register your complex estate

If the estate is complex, the executors must register it online with HMRC by 5 October, following the end of the tax year that the individual died. For example, if an individual dies in the year to 5 April 2024, an executor must register their estate by 5 October 2024.

What is the process for estates registered as complex?

Once the estate is registered, HMRC will issue a UTR. The executors will then be required to submit tax returns (SA900) for every tax year during the administration period.

When to submit tax returns for estates

The deadline depends on whether the return is submitted by paper or online:

By paper deadline	Online deadline
31 October, following the end of the tax year.	31 January, following the end of the tax year.

When to pay tax liabilities for estate tax returns

The executors must pay any tax liabilities due on estates by 31 January* following the end of the tax year, even if the return is submitted to them by paper. However, if funds are not available prior to this, any tax liabilities due can be delayed until 30 days after probate has been granted.

**Except capital gains tax due on the disposal of residential property. This is due 60 days following completion of the sale.*

