

Am I liable for inheritance tax?

GRANDMOTHER Norah Winterhalder enjoys giving a helping hand to her three grown-up grandchildren in the shape of cash gifts but is worried that she may have fallen foul of the tricky rules governing inheritance tax.

"I've been giving them each £1,000 for several years now," Norah, from Leeds, explains and asks: "Am I allowed to do that under the tax rules, or must I give that £3,000 to just one person as a lump sum?"

Norah is in the clear: she can give away up to £3,000 each year in any form she likes with no tax consequences. "Anyone thinking of doing that, who has not used last

year's allowance either, can include that, too," reassures independent financial adviser Nicola Downs, of Trentham Invest in Dorking, Surrey.

Smaller separate gifts of up to £250 are also permitted. "There is no limit to the number of these you can make, although they all have to be to different individuals," says Nicola, who also recommends that Norah check her other inheritance tax arrangements.

"All assets including property over £285,000 are liable to 40 per cent tax unless they are protected by a trust. Norah is concerned for her family so she must ensure that all the right measures are in place."