



Inheritance tax: Key steps after a death

	When	Action
1.	Within 1-14 days of death	Locate the Will Review the Will and identify Personal Representatives (PRs) <ul style="list-style-type: none"> • Check whether the estate is likely to have an IHT liability. • Check who is willing to act as Personal Representative.
2.	Within 1-14 days of death	Begin gathering details of assets and liabilities <ul style="list-style-type: none"> • A market valuation of all agricultural and business assets, not just the land and buildings as at the date of death is necessary. This includes stock, livestock, plant and machinery. • Early valuation helps avoid delays and interest.
3.	Within the first few weeks	Apply for an IHT Reference Number <ul style="list-style-type: none"> • Apply online or by post using Form IHT422.
4.	Up to three weeks after the application for a reference number is received	HMRC issue IHT reference number <ul style="list-style-type: none"> • The reference number is essential as it must be quoted on the IHT form submitted, payments, and correspondence with HMRC.
5.	As soon as valuations are available	Preparing the IHT Return (Form IHT400) and supporting schedules.
6.	Six months after the end of the month of death	Statutory due date for IHT. For example, if death is in March → the due date is 30 September. <ul style="list-style-type: none"> • Pay the IHT due on the estate, unless instalment payments can be made. • Pay first instalment of IHT due in respect of assets that qualify for instalment option (land, businesses or business interest, controlling shareholdings, certain unquoted shares). • The amount paid can be based on an estimated liability if full market valuations are not available. • Need to quote IHT reference number. • PRs may use:

		<ul style="list-style-type: none"> ○ Direct Payment Scheme (Form IHT423) from deceased's bank/investment accounts ○ NS&I accounts (also via DPS) ○ British government stock (rare) ○ Loans from PRs or beneficiaries ○ Insurance policy proceeds or pension lump sums (if accessible before probate).
7.	Six months and 1 day after the end of the month of death	<p>Interest begins to accrue on unpaid IHT So if death is in March, interest accrues from 1 October until full payment is made.</p> <ul style="list-style-type: none"> ● Late payment interest rate from 6 April 2025 is the Bank of England the base rate plus 4% (7.25% since 9 January 2026) ● HMRC have an online in IHT interest rate calculator. ● Interest can still accrue on unpaid IHT where the instalment option is used. e.g. for tax due on a deceased's home. Each annual instalment apart from the first will include: <ul style="list-style-type: none"> ○ one-tenth of the capital amount of the original total IHT liability on the relevant property; and ○ interest on the entire outstanding balance for the whole preceding year. ○ If the instalment is paid late, interest on the instalment itself will be due. ● But, if PRs opt to pay by instalments for an interest free asset (i.e. the value that qualifies for APR or BPR), no interest is due unless the instalment is paid late. ● From April 27, interest will accrue on late payments of IHT due on unused pension funds and death benefits in a person's estate. ● Note the interest rate HMRC pay if they refund overpaid tax is only the base rate minus 1%, subject to a minimum floor of 0.5% (currently 2.5%). ● PRs should avoid large overpayments (weakens valuation arguments) and large underpayments (adds interest cost).
8.	12 months from the end of the month in which the deceased died	<p>Deadline to file IHT 400</p> <ul style="list-style-type: none"> ● If there is a delay in PRs starting to act so that the 12 month deadline cannot be met, the deadline is three months after the PRs first start to act.

		<ul style="list-style-type: none"> • If full market valuations are not available, estimated values should be used. • If tax paid at six month deadline was based on estimates, and the correct amount due has been calculated, pay the balance due.
9.	20 working days after receipt of IHT form or payment of tax, which ever is later	<p>HMRC issue a unique confirmation code</p> <ul style="list-style-type: none"> • Issued after HMRC have processed the IHT form. • On receipt of the code, the PRs can apply to obtain the grant of probate that enables them to deal with the administration of the estate (England and Wales). • Only issued if the tax due has been paid. This could be the full amount due on an estate, or if the instalment option is available, the first instalment due. For some estates, it may be necessary to pay all the tax due on assets that do not qualify for the instalment option, in addition to an instalment payment.
10.	Six months from receipt of updated valuations or discovery of error in IHT form	<p>Agree Valuations with HMRC</p> <ul style="list-style-type: none"> • Receipt of the code (above) does not mean HMRC have accepted the valuations/claims for relief as submitted. • Ongoing correspondence (including liaising with District Valuer/VOA if required) to agree figures/reliefs with HMRC. • Once agreed, the outstanding tax (apart from tax to be paid in instalments) must be paid.
11.	Anniversary of statutory due date	Instalment payment deadline
12.	Early end of instalment option	<p>All remaining IHT becomes immediately payable, plus interest if:</p> <ul style="list-style-type: none"> • The asset is sold; • A business or business interest is sold; • Cash is drawn from a partnership share. • PRs must notify HMRC after such events.