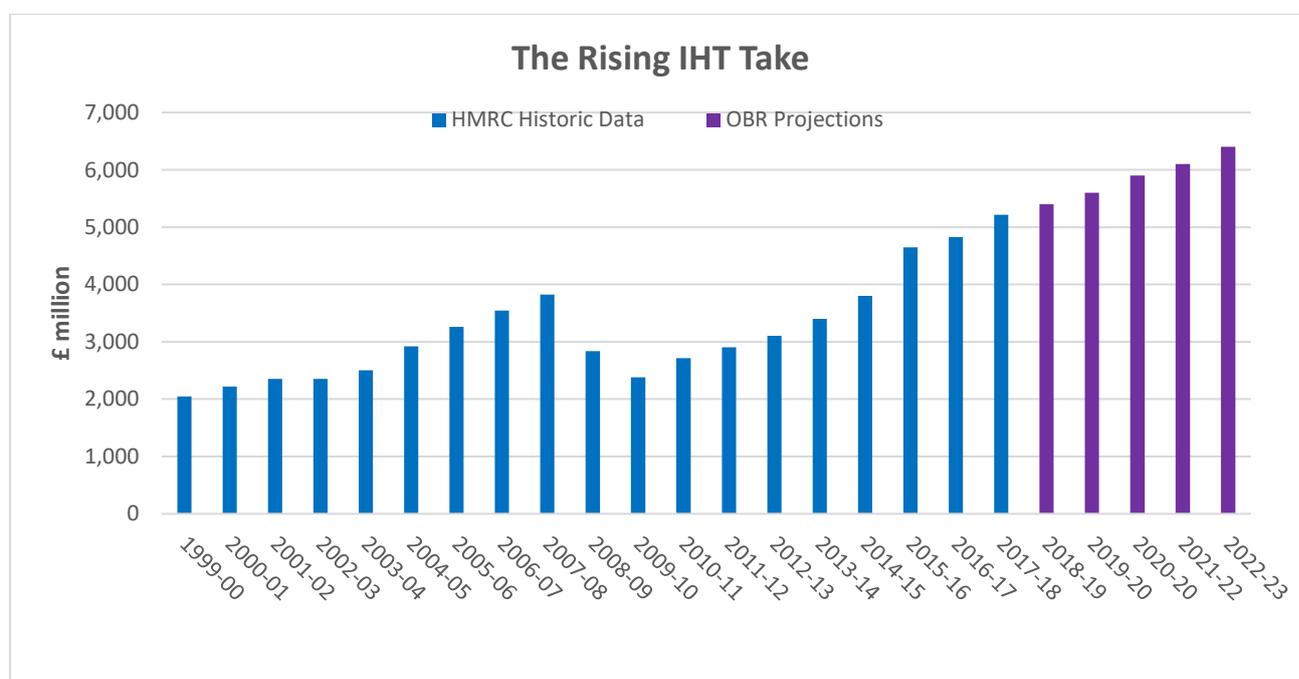


# Record inheritance tax revenues ahead of simplification review

**2017/18 produced record inheritance tax (IHT) receipts according to HMRC data published in July.**

The latest release of the annual statistics revealed IHT produced £5.228 billion for the Exchequer in 2017/18, an increase of two thirds over just five years. As the graph shows, IHT revenue has been rising rapidly since Treasury receipts hit a low in 2009/10, owing to the impacts of the financial crisis and the introduction of the transferable nil rate band.

The Office for Budget Responsibility (OBR) expects the growth to continue, although the rate of increase will slow for the next few years because of the introduction from April 2017 of the residence nil rate band.



The Office of Tax Simplification (OTS) is currently undertaking a “general simplification review” of IHT. The OTS is focusing on the administrative aspects of IHT, but it is also looking at the “complexities arising from reliefs and their interaction with the wider tax framework”. With the OTS due to report ahead of the Autumn Budget, it is possible changes and/or pre-emptive legislation will be announced then.

It is unlikely reforms will lead to a reduction in the money raised by IHT. It may be the most unloved tax in the UK, but Mr Hammond has to find an extra £20.5 billion a year for the NHS by 2023 and IHT receipts are above £5 billion a year and rising. The politics of any cut would also be difficult to implement.

There is a case for reviewing your inheritance tax planning now, and possibly taking some action ahead of the Budget. Tax simplification can often bring to mind the words of 'Big Yellow Taxi' by Joni Mitchell: *'Don't it always seem to go' and 'that you don't know what you've got 'til it's gone'*.

*The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax advice.*