

City minister hints he would abolish IHT

Synopsis: Andrew Griffith said he would consider eliminating inheritance tax at a Conservative Party conference event.

Source: Citywire Wealth Manager

Date published: 4.10.22

New City minister Andrew Griffith has hinted he is in favour of abolishing inheritance tax (IHT).

Speaking at a panel session at the Conservative Party conference yesterday, the financial secretary to the Treasury said prime minister Liz Truss needs to continue to be 'politically brave' with her policies, The Guardian reports.

'I shouldn't talk about tax policy. It's outside my lane even within the Treasury,' he said.

'But I have lots of my fantastic local association with me here and they will know because they asked me at my selection meeting 27 months ago which tax, if I had the choice, I would most like to see eliminated. History will record it was the IHT.'

Conservative peer Michael Spencer also backed abolishing IHT at the fringe event.

Current IHT rules mean those inheriting estates pay 40% tax on the amount they receive above £325,000. Spouses and civil partners who inherit are exempt from the tax, as are charities and community amateur sports clubs.

Reforming IHT has been on the government's agenda for some time, stretching back to George Osborne's time as chancellor. However, abolishing IHT would leave a significant hole in the Treasury's finances at a time when the government has committed to 'fiscal discipline'.

Receipts from IHT have risen, while the £325,000 nil-rate band has remained frozen since 2008, prompting calls for reform to reflect rising house prices.

Individuals can add a further £175,000 if passing on their main residence, under residence nil rate band rules which were introduced in 2017.

Married couples can pool their IHT allowances together, meaning that around £1m can be passed to the next generation if a property is involved in the transfer.

Figures released last month showed the Treasury took in £2.9bn between April and August this year, £300m more than in the same period in 2021.

'The tax has now delivered almost £3bn to the taxman since April, £300m higher than a year earlier, and the frozen thresholds mean it has already doubled its tax take from IHT over the last 10 years. Residential property makes up the largest share of most estates and persistently rising house prices across the country will drag more and more unsuspecting people into the tax,' said Canada Life technical director Andrew Tully in a comment on last month's tax figures.

'Both the nil-rate band and residence nil-rate band are frozen until at least April 2026 so we can expect to see IHT receipts continue to rise.'

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