

## **IHT receipts anticipated to reach £9 billion by 2027**

Synopsis: How increasing asset values, the freezing of the nil rate band until 2030, changes to business and agricultural property relief and the new long term residence regime are set to increase UK IHT receipts to £9 billion by 2027.

Date published: 13.06.2025

National law firm Irwin Mitchell have published a [report](#) which indicates that inheritance tax (IHT) receipts in the UK could reach up to £9 billion by 2027, after undertaking an analysis of data gathered via a freedom of information request to HMRC.

Approximately 4% of UK estates are liable to IHT at present, but more estates are falling under the scope of IHT and it is predicted that this figure will increase to 5% by 2027 and 7% by 2028.

This trend is emerging as a result of the rising monetary value of assets set against a nil rate band which has been frozen until 5 April 2030, the restrictions which will apply to business and agricultural property relief from 6 April 2026 and the new long term residency regime for IHT which replaced the former non-domicile rules, meaning more people are likely to be subject to IHT on both their UK and worldwide assets.

To put the figures into context, based on Irwin Mitchell's findings, the Government received £5.5 billion in IHT receipts in 2021/22, compared with the predicted £9 billion to be collected in 2026/27.

From a regional perspective, London is expected to be impacted the most, with IHT payable in the greater London area increasing by 54% between 2022 and 2027, hitting a peak of £2.6 billion per annum. In 2026/27, 9,400 estates will be subject to IHT with an average liability of £275,000.

It is thought that the inner London area will be hit even harder, with an average IHT liability of £340,000, resulting in part from the fact that a large number of previously non-domiciled individuals own high value properties in the area.

Initial analysis of Irwin Mitchell's data, which covers 2015-22, revealed the number of IHT-paying estates increased within nine out of ten UK postcodes. It also made it clear that the rate of increase is different according to the region.

With regards to the north of England, the amount of estates liable to IHT in the Yorkshire and Humber area, combined with the north-west, increased by almost 40%, while in other areas the increase was less than 20%. It is predicted that the number of estates falling liable to IHT will double between 2021/22 and 2026/27 in ten specific areas of the UK.

The cities of Birmingham, Manchester and Leeds are also anticipated to experience double-figure increases.

## **Comment**

In addition to the freezing of the nil rate band, the incoming limitations on business and agricultural property relief and the new long-term residency regime, most pension funds will be included in estate values from 6 April 2027, which will result in an estimated 10,000 more estates falling liable to IHT in future.

**020 7183 3931**  
**[www.riskassured.co.uk](http://www.riskassured.co.uk)**