



Inheritance tax: exemption for emergency service personnel and humanitarian aid workers

Who is likely to be affected?

People in the armed forces, police, fire brigade, ambulance service, personnel in other “first response” organisations and humanitarian aid workers responding to emergency circumstances.

General description of the measure

At Budget 2014, the Government announced it would extend the existing exemption for members of the armed forces whose death is caused or hastened by injury while on active service to members of the emergency services responding to emergency circumstances. Following consultation over the summer, this has been extended to cover humanitarian aid workers responding to humanitarian emergencies. Emergency services personnel (either volunteers or employed) involve those in the police, fire service, other search and rescue services (e.g. Coastguard), medical, ambulance or paramedic services, and those transporting organs or other medical equipment. Humanitarian aid workers involve those providing humanitarian assistance on behalf of the Government, charities and international organisations.

Policy objective

The measure will provide that IHT will not be charged on the estates of emergency service personnel and humanitarian aid workers whose death has been caused directly or hastened by injury or illness while responding to emergency circumstances.

Background to the measure

This measure was announced at Budget 2014. A consultation document was published on 23 July 2014.

Detailed proposal

Operative date

The revised legislation will be effective for all deaths on or after 19 March 2014.

Current law

IHT rules do not apply to the estates of members of the armed forces whose death can be attributed to or is hastened by:

- (a) injury or illness suffered whilst on active service; or
- (b) where someone already has a pre-existing disease which is aggravated by the wound inflicted, accident occurring or disease contracted whilst on active service.

The legislation is at section 154 of Inheritance Tax Act (IHTA) 1984.

The provision also prevents IHT being charged on assets that pass on the death of a current or former member of the armed forces who dies as a result of a wound, accident or disease inflicted when they were on active service or other service of a warlike nature.

Proposed revisions

Legislation will be introduced in Finance Bill 2015 to extend this treatment to members of the emergency services and humanitarian aid workers responding to emergency circumstances.

New section 155A provides an IHT exemption for constables and armed service personnel targeted because of their status.

New Section 153A IHTA covers the death of emergency service personnel and humanitarian aid workers whether they are employed or acting in a voluntary capacity responding to emergency circumstances. The new legislation sets out who qualifies, the circumstances in which IHT will not be charged and defines the term “emergency responder”.

Section 154 IHTA 1984 is also amended so that the treatment available to emergency service personnel also applies to members of the armed forces and under the same circumstances.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	negligible	negligible	negligible	negligible	negligible	negligible
This measure is expected to have a negligible impact on the Exchequer.						
Economic impact	The measure is not expected to have any significant economic impacts					
Impact on individuals, households and families	<p>This measure would exempt from IHT the estates of individuals in the armed forces and emergency services whose death can be attributed to, or hastened by, injury or illness suffered whilst responding to emergency circumstances.</p> <p>This measure is not expected to impact on family formation, stability or breakdown</p>					
Equalities impacts	<p>Those benefiting from this exemption will reflect the demographics of the armed forces and emergency services in which they serve. It is expected that the majority will be male.</p> <p>Approximately 70 per cent of those who have qualified for the exemption in the past 10 years have been aged 70 years and older.</p> <p>This measure is not expected to have a disproportionate impact on any protected group.</p>					
Impact on business including civil society organisations	This measure is expected to have no impact on businesses or civil society organisations.					
Operational impact (£m) (HMRC or other)	There will be a negligible operational impact on HM Revenue & Customs (HMRC).					
Other impacts	Other impacts have been considered and none have been identified.					

Monitoring and evaluation

The measure will be kept under review through communication with taxpayer groups affected by the measure.

Further advice

If you have any questions about this change, please contact Tony Zagara on 03000 585265 (email: tony.zagara@hmrc.gsi.gov.uk).