



Key points

- In 2017-18, 3.9% of UK deaths resulted in an Inheritance Tax (IHT) charge, decreasing by 0.7 percentage points since 2016-17. This reverses the longer term increase in this proportion since 2009-10 and is likely due to the introduction of the Residence Nil-Rate Band (RNRB) tax-free threshold in April 2017.
- The introduction of the RNRB also means the total number of UK deaths that resulted in an IHT charge has fallen for the first time since 2009-10. In 2017-18 there were 24,200 such deaths, a decrease of 3,900 (14%) since 2016-17.
- Similarly, in 2019-20 IHT receipts decreased for the first time since 2009-10. HMRC received £5.2 billion during 2019-20, a decrease of 4% (£223 million) on 2018-19. This is likely because of the effects of the RNRB's introduction in 2017-18, as there is a delay between death (when the tax charge is created) and receipts (when HMRC receives the tax payment).
- In 2017-18, 20,200 estates used the RNRB threshold, and £3.1 billion of chargeable estate value was sheltered from an IHT charge as a result.
- The combined value of agricultural and business property relief (APR, BPR) was £3.5 billion in 2017-18. This was a rise of £1.4 billion compared to 2016-17. The value of exempted transfers to qualifying charities also rose, from £1.8 billion in 2016-17 to £2.8 billion in 2017-18. Despite the increases compared to last year, these values are below the peak seen in 2014-15.

3.9%

Proportion of UK deaths
resulting in an IHT charge in
2017-18
*(0.7 percentage point decrease on
2016-17)*

24,200

Number of UK deaths
resulting in an IHT charge
during 2017-18
(14% decrease on 2016-17)

£5.2 billion

IHT Tax receipts received
by HMRC during 2019-20
(4% decrease on 2018-19)

About this release

This publication contains statistics on Inheritance Tax (IHT) and estates passing on death for which grants of representation (probate) are required in the UK. It includes information on IHT receipts; the use of tax reliefs and exemptions; the composition of net estates by estate size, size of tax charge and certain characteristics (such as age and gender); and geographic breakdowns. Further information on IHT rules, tax rates and exemptions are available on gov.uk: <https://www.gov.uk/inheritance-tax>.



Website: <https://www.gov.uk/government/collections/inheritance-tax-statistics>

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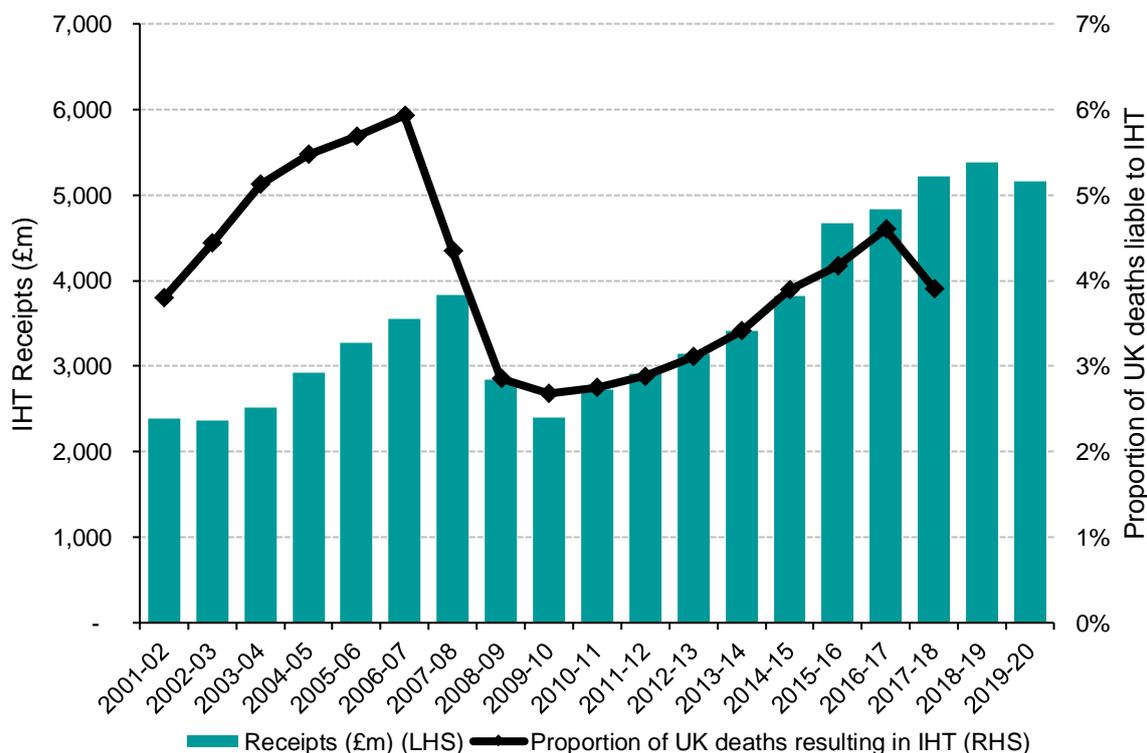
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IHT receipts and taxpaying estates

Figure 1: IHT Receipts and Proportion of UK Deaths resulting in IHT, 2001-02 to 2019-20



Proportion of deaths resulting in an IHT charge

In 2017-18, 3.9% of all UK deaths (620,000¹) resulted in an IHT charge. This is the first fall in this proportion since 2009-10, and is likely due to the introduction of an additional tax-free threshold in April 2017, known as the Residence Nil-Rate Band (RNRB)². Prior to 2017-18, this proportion had been increasing; from 2009-10 to 2016-17, it grew by 0.3 percentage points a year on average. This is likely due to both rising asset values over the period and the freezing of the tax-free Nil-Rate Band (NRB) threshold at £325,000 since April 2009³.

The proportion of all deaths liable to IHT fell from an historic high of 5.9% in 2006-07 to 4.3% in 2007-08 and again to 2.7% in 2009-10. This was likely due to both the introduction of the transferable nil-rate band (TNRB) in 2008-09 (where any unused NRB could be transferred to a surviving spouse or civil partner) and the fall in asset values after the 2008 financial crisis. Although the policy became effective in October 2007 and estates would have faced an IHT charge in 2007-08, the first impacts on receipts were not seen until 2008-09 due to the delay between death (when the tax charge is created) and receipts (when HMRC receives the tax payment).

¹ Total UK deaths estimated using [monthly deaths in England and Wales](#) as reported by the Office for National Statistics, [monthly deaths in Scotland](#) as reported by National Records of Scotland, and [monthly deaths in Northern Ireland](#) as recorded by the Northern Ireland Statistics and Research Agency.

² Please see [HMRC's guidance](#) for more information about this additional tax-free threshold.

³ Please see HMRC's ['Inheritance Tax nil rate bands, limits and rates'](#) document online for historical IHT rates and thresholds.

Receipts

There was a 4% decrease in IHT receipts received by HMRC between 2018-19 and 2019-20, where receipts stood at £5.2 billion. Until 2007-08 receipts had been climbing steadily, mainly due to increases in asset valuations prior to the financial crisis. In the following years, this trend took a downward turn, despite the total net capital value of estates remaining broadly unchanged between 2007-08 and 2009-10 at £62 billion. This is partially explained by changes to IHT policy - specifically the introduction of the TNRB in October 2007 as outlined above.

2017-18 is the first year in which the new RNRB tax-free threshold can be used. This threshold provides an additional allowance to qualifying estates so that more wealth can be passed on to direct descendants before IHT must be paid. The threshold is set at £100,000 for 2017-18, and any unused amount can be transferred to a spouse or civil partner in the same way as the transferrable NRB. This means that some couples have an effective RNRB threshold of £200,000 in 2017-18. In 2017-18, 20,200 estates used the RNRB threshold, and £3.1 billion of chargeable estate value was sheltered from an IHT charge as a result. Due to the usual long periods of time between the tax charge being created and HMRC receiving the tax payment, the effect on receipts from the RNRB's introduction is felt in 2019-20.

Use of Exemptions and Reliefs

[Table 12.2](#) shows the use of exemptions and reliefs by estates requiring a grant of representation for which the net capital value of the estate lies above the NRB (including TNRB where this applies). The value of relief is equal to the total amount of each relief claimed against assets as opposed to the impact of that relief on an estate's tax charge. Details of exemptions and reliefs are in the IHT account ([IHT400](#)) notes, pages 74-78.

In 2017-18, 74,600 estates had a net capital value above the NRB (and TNRB). The largest exemption set against assets continues to be for transfers between spouses and civil partners, valued at £20.2 billion. This exemption was taken advantage of by around half of estates above the NRB, but was worth 73% of the total value of reliefs and exemptions set against assets.

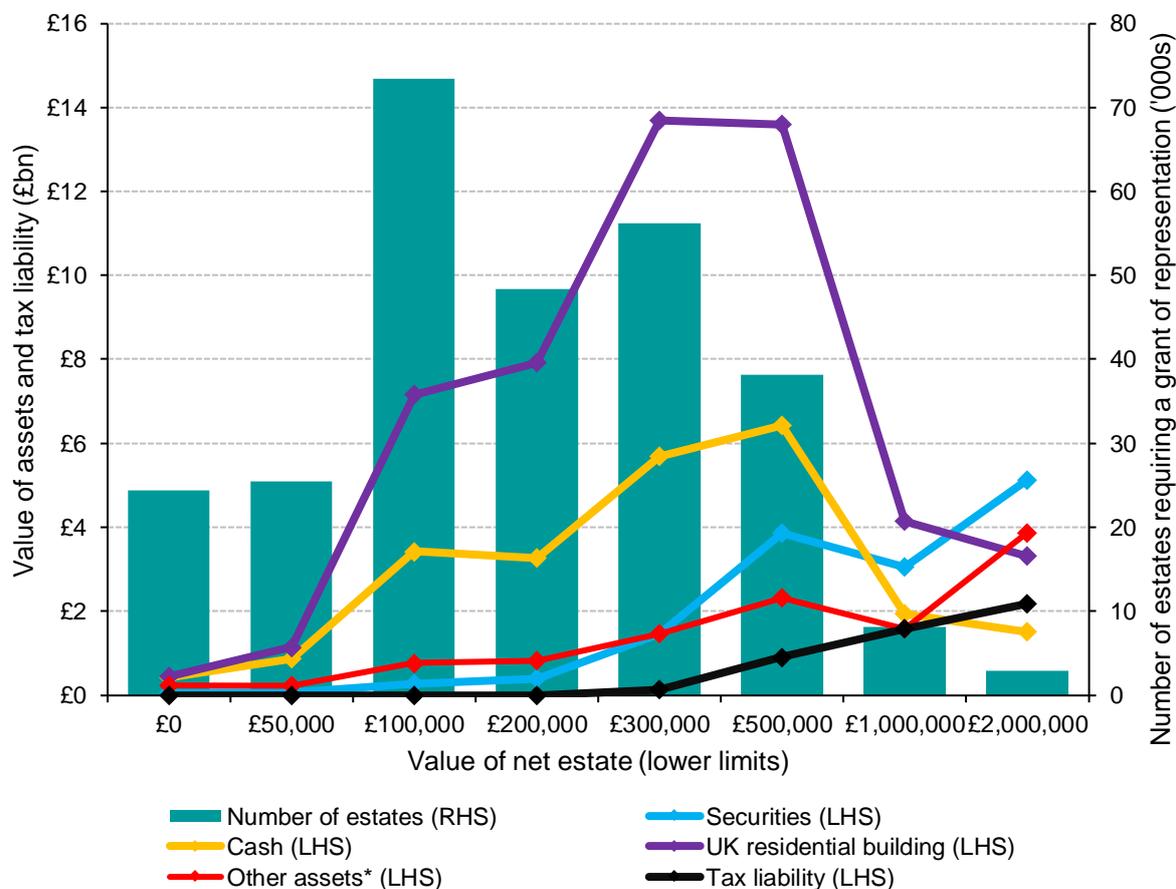
The second largest exemption set against assets continues to be for transfers to qualifying charities, valued at £2.8 billion and used by 11,700 estates above the NRB in 2017-18. This was a rise in charitable giving of £1 billion compared to 2016-17.

Combined, APR and BPR claimed against assets increased to £3.5 billion in 2017-18. This reverses the fall observed in the previous two years, but it still below the peak of £3.8 billion observed in 2014-15. Within BPR, while the relief claimed on unquoted shares is still below the 2014-15 peak, the relief claimed on other business property is now above the 2015-16 peak by £0.2 billion.

There were 2,250 estates passing on death in 2017-18 that benefited from the reduced 36% IHT rate that is available for estates where at least 10% of the value of the estate (after deductions for liabilities, reliefs and exemptions other than the charity exemption) is left to qualifying charities. Estates passing on death in 2017-18 were able to reduce their tax liabilities by £40 million (up slightly from £36 million in 2016-17).

Composition of Estates

Figure 2: Assets by range of net estate value, 2017-18



*Other assets includes insurance policies, other buildings and land, loan and other assets.

Figure 2 combines information presented in [Table 12.3](#) and [Table 12.4a](#) on the number of estates requiring a grant of representation, the tax charge created by some of those estates ('tax liability') and the composition of their assets, by net estate value.

[Table 12.3](#) shows that net estates valued at £1 million or more accounted for 78% (£3.75 billion) of the total tax charge of £4.8 billion created in 2017-18, but only represented 4% of all estates requiring a grant of representation. The majority of this group's estate value was made up of securities and UK residential buildings, and around 11,090 estates made up 25% (£24.5 billion) of all gross assets ([Table 12.4a](#)).

At the lower end of estate value distribution, net estates valued at less than £1 million accounted for £1 billion of the tax charge, and around 96% of all estates requiring a grant of representation by number. [Table 12.4a](#) shows that 76% of the value of all total gross assets are held in net estates valued less than £1 million. They own £75.9 billion in total gross assets, of which £43.9 billion is held in residential property and £20.1 billion in cash.

Figure 2 shows how the composition of assets changes between the various net estate bands. Where net estate value is less than £1 million, estates are likely to consist mainly of residential property and cash. Above this limit, estates are more likely to consist of securities and other assets, which attract reliefs like Agricultural

Property Relief (APR) and Business Property Relief (BPR). Overall, the gross capital value (the total sum of the value of assets) of estates since 2009-10 has increased by around £35 billion to £100 billion in 2017-18. Around 58% of this increase was in residential property. There was an increase of £19.9bn (25%) since 2016-17.

Since 2009-10, the average amount of tax paid per estate increased each year by an average of 3%, or by £4,200, until 2014-15. In 2015-16 the average amount of tax paid per estate decreased slightly by £2,000 to £179,000, driven by a combination of those net estates valued between £1 and £2 million increasing in numbers slightly while the total tax charge levied on those estates remained flat. The average liability remained broadly similar in 2016-17, but increased by 10% (£18,000) in 2017-18 to £197,000 overall. This was because while the total tax charge levied on taxpaying estates in 2017-18 fell slightly, the number of taxpaying estates fell by much more. This meant that those estates which were taxpaying paid a higher average tax charge compared to previous years. This is also likely explained by the introduction of the RNRB, which has meant a number of estates which beforehand would have paid a relatively small amount of tax no longer did so.

Characteristics of Liable Estates

[Table 12.6](#) shows the composition of taxpaying estates in 2017-18 by asset type, gender, age and marital status. Around half of the value of taxpaying estates held by those aged under 65 at death is made up by their main UK residence. As the age of the deceased increases, so does their tendency to hold assets in cash and securities, as more of their accumulated wealth is no longer tied up in property. Those aged 45 to 64 hold around 15% of their wealth in securities, but this proportion more than doubles to 34% for those aged 85 and over. By contrast, those aged between 45 and 64 hold around half of their wealth in UK residential property, but this proportion falls to around a third for those aged 85 and over.

In 2017-18, the average taxpaying male-owned estate had a net capital value of £1.2 million and a tax charge of £197,200. The average taxpaying female-owned estate had a slightly lower net capital value of £1.1 million and a slightly higher tax charge of £198,500. In general, female-owned estates tend to have higher tax charges than those owned by males. This is likely due to the fact that females tend to have higher life expectancies at birth than males. For instance, for the period 2016 to 2018 life expectancy at birth in the UK was 3.7 years longer for females, according to [ONS Life tables](#). Females therefore have a higher probability of living longer than their spouse, and of leaving an estate on which spouse relief cannot be claimed.

Regional Breakdown

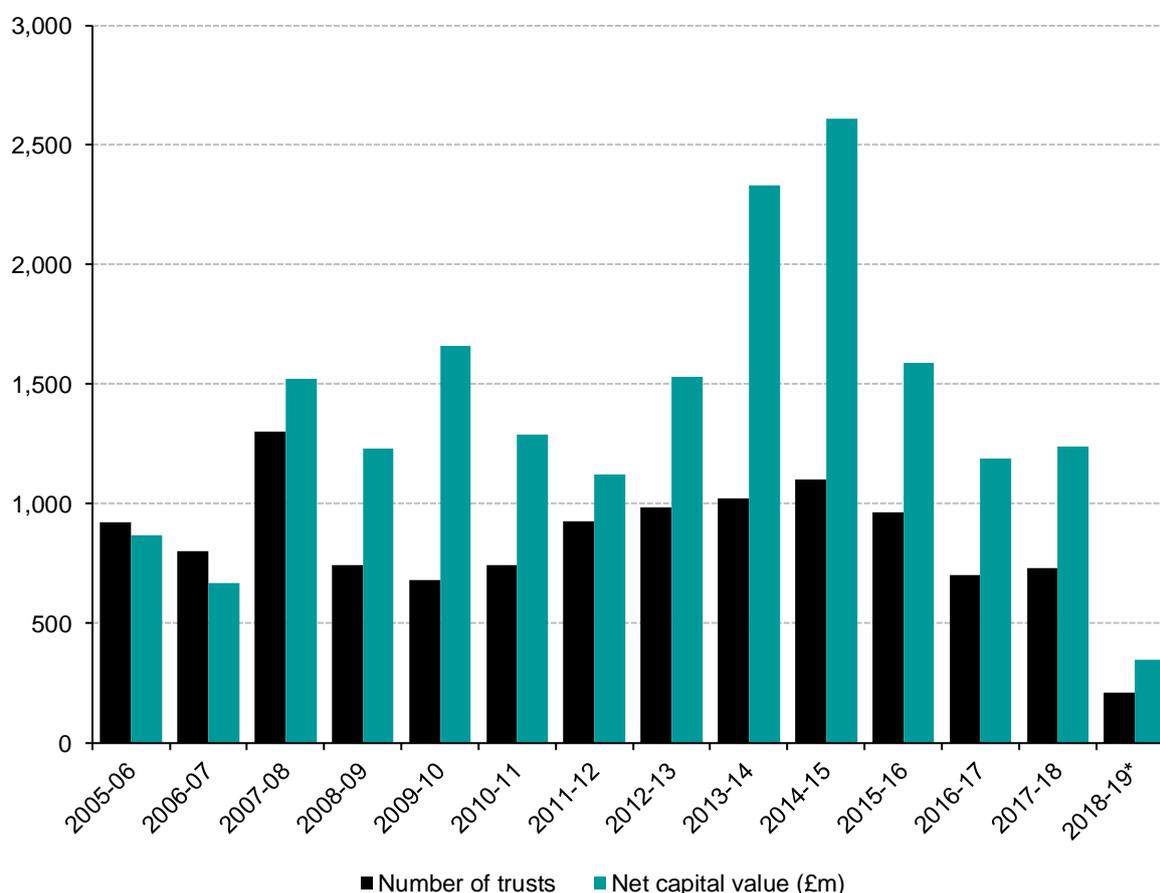
Tables 12.10, 12.11 and 12.12 are Official Statistics. They show the number of estates resulting in a tax charge (and the total amount charged) by geographical region, defined in various different ways depending on the table.

London and the South East have the highest numbers of estates passing on death which resulted in an IHT charge. In 2017-18, 54% of the total amount of IHT charged in England was concentrated in these regions alone – the average taxpayer in London was charged £245,400. London and the South East account for 45% of the total IHT charged across the UK. By contrast, the lowest IHT paying regions had average IHT charges of £133,500 in Wales, £146,800 in the North East of England,

and £152,200 in Northern Ireland. This may have been attributed to lower house prices in those regions.

Trusts

Figure 3: Number of chargeable trusts and net chargeable value of assets held in taxpaying trusts, 2005-06 to 2018-19



NB: Asterisk (*) shows that 2018-19 data is provisional. See footnote 4 for more details.

IHT is also due on assets within certain trusts every ten years (at each ten year anniversary) as well as on occasions when liable assets are transferred into or out of a trust. More details on trusts and the ten year anniversary charge for trusts can be found on the [Trusts and Taxes](#) pages online. [Table 12.8](#) shows assets held in taxpaying discretionary trusts by asset type at ten yearly IHT charges from 2005-06, the number of taxpayers and their charge.⁴

Figure 3 shows how the net chargeable value of trusts increased by 21% a year on average to 2014-15, with large variations, reaching a peak of £2.6 billion in 2014-15. Since then, the number of trusts and their value has been steadily declining. This could be a consequence of the 2006 trust reforms to tackle tax avoidance using

⁴ Some volatility around these figures is to be expected due to relatively small numbers and because ten-yearly charges are due for different trusts in different years. Information for the most recent years is deemed to be incomplete because of delays in submitting accounts; therefore complete information is not available for some time after the 10 year anniversary. As such, 2017-18 and 2018-19 estimates should be used with caution as they do not represent the total population. Estimates will be subject to further revisions in the next publication (July 2021) as more information becomes available. The majority of trusts are non-taxpaying due to the tax-free threshold and are therefore not included in these statistics.

trusts. As part of this package, inheritance tax charges were applied to some types of trust to counter the use of trusts as a means of sheltering wealth. The reduction in assets held in trust may reflect a number of older existing trusts coming to the end of their natural life and a lack of new ones being created. HMRC produces further statistics on trusts: <https://www.gov.uk/government/collections/trusts-statistics--2>.

Statistics not in this release

Table	Description
12.9	Distribution of the value of bequests by sex and marital status of deceased

Statistical Disclosure Control

HMRC uses statistical disclosure control (SDC) to ensure that individuals or groups can't be identified from statistical data. This means that:

- Confidential information about a person or unit (such as a household or business) is not made available; and
- Different outputs from the same source, or outputs from different sources, can't be combined to reveal information about a person or a group of people.

HMRC uses a combination of suppression and rounding for disclosure control. For example, suppression of data, so that the cell value in a table (which may be disclosive where, for instance, the value is small) is not given.

Future releases

Next year's release (scheduled for July 2021) will contain statistics on those estates requiring a grant of representation, together with those estates' created IHT charges (if applicable), for the 2018-19 tax year.