



HM Revenue  
& Customs

# Consultation about ceasing publication of HMRC's Personal Wealth National Statistics

## **Consultation document**

Publication date: 22<sup>nd</sup> July 2015

Closing date for comments: 14<sup>th</sup> October 2015

<b>Subject of this consultation:</b>	We are proposing to cease publication of HMRC's Personal Wealth National Statistics.
<b>Scope of this consultation:</b>	The purpose of this consultation is to seek the views of our users before any decision is made about this proposal.
<b>Who should read this:</b>	All current users of HMRC's Personal Wealth National Statistics.
<b>Duration:</b>	22 <sup>nd</sup> July 2015 to 14 <sup>th</sup> October 2015
<b>Lead official:</b>	Andrew Reeves (HMRC)
<b>How to respond or enquire about this consultation:</b>	Please send responses to:  <a href="mailto:Andrew.Reeves@hmrc.gsi.gov.uk">Andrew.Reeves@hmrc.gsi.gov.uk</a>  Andrew Reeves, HM Revenue & Customs, Room 2E/01, 100 Parliament St, London. SW1A 2BQ.
<b>Additional ways to be involved:</b>	This will be a purely written exercise.
<b>After the consultation:</b>	A summary of responses will be published before any decisions are taken. Following consideration of consultation responses the decision on how to proceed will be published.

## **Personal Wealth National Statistics currently produced by HMRC**

1. Her Majesty's Revenue & Customs (HMRC) currently publishes a series of Personal Wealth National Statistics tables and an accompanying commentary document. The latest tables and commentary document including information for the 2008 to 2010 period have been published at <https://www.gov.uk/government/collections/distribution-of-personal-wealth-statistics>.

## **Consultation about no longer producing updates to HMRC's Personal Wealth National Statistics**

2. The next updates covering the period from 2011 to 2013 have been scheduled for publication in September 2015. We are proposing to not publish these or any further updates to the HMRC Personal Wealth National Statistics. The reasons for this are set out below. The purpose of this consultation is to seek the views of our users before any decision is made. If you would like to make any comments on it please contact Andrew Reeves at the following e-mail address or postal address by 14<sup>th</sup> October 2015.

[Andrew.Reeves@hmrc.gsi.gov.uk](mailto:Andrew.Reeves@hmrc.gsi.gov.uk)

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## **There are difficulties with HMRC's Personal Wealth National Statistics**

3. A major issue with the HMRC Personal Wealth National Statistics is that they do not reliably show the wealth characteristics of all people in the UK. They only aim to show statistics related to what we have called "identified personal wealth" i.e. the wealth held by people who would leave estates for which a grant of probate would be required if they were to die. They also cover estates where other forms of legal approval are required before the assets in the estates can be distributed; for simplicity such cases are just referred to collectively in this document as those requiring probate. Many people who would not leave such estates if they were to die are therefore excluded – indeed the latest published tables for 2008-2010 only cover 31% of all estates left in the UK during this period.
4. Probate is not required for the estates of many people who leave all of their assets to a surviving spouse or civil partner, which is often the case when people in marriages and civil partnerships die. It is not statistically sound to assume that such people have the same wealth characteristics as people who do not have a spouse or civil partner.

5. For example it is possible that people with spouses live in larger and more valuable homes than people without spouses on average. They may also be able to save and invest more if they have two incomes coming into to their households compared to many unmarried people who will not have partners with whom they own shared assets. However, on the other hand, married people may perhaps on average also have more expenses associated with children and larger homes than single people and so may perhaps have less scope to save/invest money, although these things may give them more of an incentive to strive to earn more.
6. Additionally probate is not required if people die and leave no or only very small amounts of assets in an estate. For these reasons estates requiring probate are not representative of all estates in the UK and so we do not think that the HMRC Personal Wealth National Statistics, which are based on data from Inheritance Tax returns for estates requiring probate, can be reliably used to look at the distribution of wealth amongst all people in the UK.

### **People who do die may leave estates with different wealth characteristics than similar people in the living population**

7. A further issue is that we do not think that the HMRC Personal Wealth National Statistics even reliably estimate what they are intended to show ie. the distribution of “identified personal wealth” which is the wealth held by people who would leave estates for which probate would be required if they were to die. This is because the wealth characteristics of people who have died may be different from those of people who have not died.
8. One key reason for this is that although some people die suddenly and unexpectedly, unfortunately some people are seriously ill for some time before they die and this may affect the value of wealth in their estates when they die. For example if individuals have been seriously ill they may be less likely to be able to work and earn money and may in some cases have been more likely to pay substantial amounts for medical treatment, care and equipment to help them with their conditions. On the other hand, they may have been less able to go out and spend money due to their illness. However either way it would not seem statistically robust to assume that people who die and leave estates requiring probate have the same wealth characteristics as all people whose estates would require probate if they were to die.
9. The HMRC Personal Wealth National Statistics have been calculated by using Office for National Statistics data about mortality rates of people with particular combinations of gender, age group and marital status characteristics. However, there are likely to be correlations between wealth levels and mortality rates for people with particular gender, age and marital status characteristics e.g. wealthier people may generally live longer than less wealthy people. Although some adjustments have been made in the calculations for past editions of HMRC Personal Wealth National Statistics to try to take this into account, there are limits to how accurately the data can be adjusted to account for this. Therefore, it is another reason why producing HMRC Personal Wealth National Statistics using data from Inheritance Tax returns for the estates of people who

have died may not give reliable statistical information about the wealth characteristics of people living in the UK.

### **The Office for National Statistics' Wealth and Assets Survey may cover most potential users' needs better than the HMRC Personal Wealth National Statistics**

10. For years from 2006 onwards the Office for National Statistics have been producing and publishing results from their Wealth and Assets Survey. Some of the key things the Wealth and Assets Survey measures is the distribution of wealth generally and the distribution of different types of assets amongst households in the UK. Unlike the HMRC Personal Wealth National Statistics it is therefore covering what many potential users are looking for ie. the distribution of wealth amongst all people in the UK.
11. It is questionable whether it is justifiable to devote Civil Service resources to producing two sets of statistics covering similar things – particularly given that both the Office for National Statistics and HMRC agree that the Wealth and Assets Survey is now the better source for looking at the distribution of wealth amongst all people in the UK. The HMRC Personal Wealth National Statistics were the only UK statistics available on wealth prior to 2006, but now that information from the Wealth and Assets Survey longitudinal datasets has been published for the first three waves we consider them to be the more comprehensive dataset. HMRC thinks that now is the right time to consider the possibility of no longer publishing updates to the HMRC Personal Wealth National Statistics given that the Wealth and Assets Survey has become more established.
12. We think that the Wealth and Assets Survey is a better source, because it is based on a survey of samples of all types of households in the UK with the wealthiest types of households being sampled disproportionately to try to ensure that they are covered appropriately. However the HMRC Personal Wealth National Statistics are based on data from Inheritance Tax returns, and only less than 0.5% of people in the UK die in circumstances that mean that an Inheritance Tax return needs to be submitted for their estate each year. There are also problems with the reliability of using data from Inheritance Tax returns to estimate the distribution of wealth amongst people in the UK as discussed earlier in this consultation document and the HMRC Personal Tax Wealth Statistics have recently been misinterpreted by some users where the sample drawbacks have not been understood or taken into account in their analysis.
13. Additionally most Inheritance Tax returns cover the estates of people aged over 60 as most people live to be older than 60 before they die. By contrast the Office for National Statistics are able to survey a range of households including adults of all ages that is much more representative of the UK population's age distribution for the Wealth and Assets Survey.

### **Comparison of what is covered by HMRC Personal Wealth National Statistics and the Office for National Statistics' Wealth and Assets Survey**

14. A further advantage of the Wealth and Assets Survey is that unlike the HMRC Personal Wealth National Statistics it includes pension fund assets and assets held in trusts. However the HMRC Personal Wealth National Statistics do include the values of businesses (including unquoted shares in businesses) owned by individuals whilst they are not covered by the Wealth and Assets Survey.
15. An additional potential advantage of using the Wealth and Assets Survey is that it is possible to do longitudinal analyses for particular households with the Wealth and Assets Survey data as the Office for National Statistics aim to repeat the survey for people covered by previous waves where possible. It is not possible to do this with the data for the HMRC Personal Wealth National Statistics, because it is based on information from Inheritance Tax returns for estates, and of course people only die once.

## Conclusion

16. We would like to seek your views on our proposal to cease the publication of the HMRC Personal Wealth National Statistics for the following reasons:
  - The HMRC Personal Wealth National Statistics do not cover many people within the UK population and are not suitable for assessing the distribution of wealth amongst people in the UK population as a whole.
  - The HMRC Personal Wealth National Statistics are based on data from Inheritance Tax returns showing the wealth included in estates left by some people who have died, but this information cannot be used to reliably estimate the wealth characteristics of living people in the UK.
  - HMRC and the Office for National Statistics both believe that data from the Office for National Statistics' Wealth and Assets Survey longitudinal dataset is now more suitable for assessing the distribution of wealth within the UK.
17. We will also consider extending the amounts of information included within other HMRC statistical publications that may be useful for people who have been using the HMRC Personal Wealth National Statistics.
18. Since the last review of these statistics, HMRC have also set up a Datalab which provides the opportunity for academic researchers to access the relevant data with a view to carrying out any analysis of it which they consider to be worthwhile, subject to this meeting criteria for the use of the facility. We have already received one such application from an academic institution.
19. Any comments on this proposal would be welcome. Please send them to Andrew Reeves at HMRC (contact details are on the first page of this document) by 14<sup>th</sup> October 2015.

20. A summary of responses will be published before any decisions are taken. Following consideration of consultation responses the decision on how to proceed will be published.

**On request this document can be produced in Welsh and alternate formats including large print, audio and Braille formats**

## Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC).

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

## Consultation Principles

This consultation is being run in accordance with the Government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

Oliver Toop, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: [hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk](mailto:hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk)

Please do not send responses to the consultation to this address.