

# Inheritance Tax

Recently, NFU Mutual made a freedom of information request which showed that in 2021/2022, HM Revenue and Customs collected £326 million in inheritance tax (IHT), an increase from £254 million the previous year.



This announcement was met with criticism from those who oppose IHT in principle and those who argue that it is no longer just a tax on the wealthy due to fiscal drag. Nevertheless, this serves as a moment to defend HMRC, as they may face criticism in the upcoming post regarding their telephone answering service.

## Deconstructing criticism

"The criticism of HMRC's recent increase in inheritance tax (IHT) revenue from investigations is that they are being viewed as a desperate attempt by the agency to generate more tax revenue. However, the validity of this criticism is questionable.

The role of HMRC is to ensure that the correct amount of tax is being paid. Investigating IHT calculations is a necessary part of this process, even if it may result in necessary and accurate adjustments.

The fact that bereaved families are often the beneficiaries of estates subject to IHT does not necessarily imply any malicious intent on the part of HMRC.

Using emotive language to suggest that HMRC is deliberately targeting bereaved families with unnecessary raids on inheritance tax is not supported by the facts."

---

## Revising the discussion on accidental underpayment of inheritance tax:

The use of the word "aggressive" raises questions. The commentator also notes: "While some of the families that HMRC has pursued may have deliberately evaded paying inheritance tax, experts say many others may have made errors due to the complex tax rules when filling out forms or faced challenges in valuing assets like paintings and antiques.

"Should they be made to feel like criminals just because the process is confusing? Of course not."

This is the crux of the issue. If an estate has underreported its inheritance tax liability, whether on purpose or not, HMRC has the right to claim the proper amount of tax. It's expected that HMRC's investigators will handle honest mistakes with sensitivity and respect. Does being asked to verify or justify the figures on an inheritance tax declaration make people feel like they've committed a crime?

If HMRC acts with tact and dignity in cases of honest mistakes, they should not be prevented from collecting the correct amount of tax just because someone feels like a criminal, or because they are grieving, or even because they made an error.