

## **Inheritance tax is a spectre that haunts Britain - it must be abolished**

*Rishi Sunak has a golden opportunity to do away with this 'morally wrong' tax*

NADHIM ZAHAWI, writing in The Telegraph on 31 May 2023

The most natural feeling in the world for any parent is to want to look after their children. This feeling is so powerful that it stays with us until our last breath, and even beyond; we all want to leave the world a better place for those who follow us, and leaving behind what we have built and earned in life is a crucial part of that.

But those assets, from the family home to the rainy-day fund, are all at risk of being taken away from our kids by the only other force as ineluctable as death: the taxman. Inheritance tax is that other spectre that haunts us alongside death. As well as being morally wrong to take someone's assets on their death, it also creates all sorts of inefficient and damaging distortions in our personal finances, and the wider economy. As a self-made man, I am proud to think that alongside giving to charities, I will be able to leave behind something to my family when my race is finally run. This is human nature, and even more true for the less affluent than it is for the wealthy.

The TaxPayers' Alliance has pointed out how various exemptions, for example to agricultural property, heritage assets and certain business assets, influence decisions that are not in the best interests of those assets.

Not only that, but the higher threshold for residential property adds further inflationary pressures to house prices. And exemptions for lifetime gifts force assets to be transferred prematurely, turning people off investment on behalf of their next of kin, with immediate transfers of cash replacing more long-term saving.

Inheritance tax also adds huge layers of complications to our tax code, with various loopholes encouraging productive money to be wasted on estate planning instead. The most frustrating problem with this complication is that there is huge opportunity to get around the tax. As such, very often this is a tax that falls on those who can't afford professional advice, or when someone dies suddenly.

Inheritance tax is often a killer for family businesses. They can often be short of liquidity; getting lumped with a big tax bill (at the worst moment on the death of a loved one, no less) means you often must sell up because there is no spare cash around to pay it.

The public feels this unfairness very keenly. A poll from my old company, YouGov, found that 49% thought inheritance tax was unfair or very unfair, compared to just 21% who thought it was fair or very fair. Think tanks such as the Adam Smith Institute have long called for the abolition of inheritance tax; it doesn't raise huge amounts and adds to the grief felt by those in mourning.

The Government has a golden opportunity to pull such a rabbit out of the hat; Nigel Lawson used to aim to abolish a tax every Budget he presided over, and I would have taken the opportunity to do the same. The Prime Minister and the Chancellor are doing admirable work to help people through a global inflationary spike and war on our continent. By abolishing inheritance tax, they can show that they back families in their desire to pass on their hard-earned savings to the next generation.