

HMRC to turn a blind eye to inheritance tax abuse

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As the [Guardian reports this morning](#):

Proposals by the UK government to stop collecting information showing how the wealthy pass on their assets from one generation to another have been condemned by the [Institute for Fiscal Studies](#), a leading tax and spending thinktank.

The IFS said Britain was in danger of allowing a misleading picture to emerge of its richest families, the top 1% whose wealth is at least £1.4m including the value of their home, that underestimates their wealth.

I share the IFS' concern: this is a wholly unjustified move.

The government's response on this issue is inadequate. Its argument that the wealth surveys undertaken by the ONS already addresses this point is insufficient to justify the abandonment of HMRC data. What is instead required is a thorough investigation to explain why the ONS think UK asset worth is substantially more than that declared to HMRC and what the consequences of this are.

I last looked at this in detail in 2014 when I noted in my report on the tax gap for PCS ([page 33 here](#)) that the ONS reckoned UK national personal wealth at about £5.5 trillion whilst HMRC thought it much lower at £3.5 trillion. Having discussed all sorts of possible reasons for this gap to mitigate the resulting tax consequence as much as I might I still estimated a tax gap, whether from evasion or avoidance (and in all likelihood a mix of both) from this cause that amounted to £6.6bn a year, a sum considerably greater than that actually paid.

HMRC deny this, of course.

And now they are not going to even look at the issue.

How convenient for those with wealth.

And what a clear indication to the turning of a blind eye by HMRC to an issue that I

believe costs much more than benefit fraud each year.

This is a genuine scandal. It's about vested interests, capture and irresponsibility. It's about official accountability across the spectrum of society. It's about austerity and the tax gap. And it's about inequality and how to tackle it. But most of all it's about HMRC's management saying on behalf of the government that they do not think that these things matter.

Let me assure them, they do.