

Inheritance tax has been serving the nation since 1694,...

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According to a Sunday Times article published last night and now covered by others, [including The Observer](#), Rishi Sunak is considering cutting inheritance tax. Whether this will be before the next election is unclear; more likely, it will be an election pledge. Whenever, or however, delivery is promised, this is a terrible idea.

I should be specific. I am not suggesting that inheritance tax need be retained in its existing form. There are good reasons to make changes to it, which I will get to in the Taxing Wealth Report 2024 series in due course. There are even one or two things that I think should now fall outside the scope of this tax. I hope to propose one of those changes during the course of the coming week. So, if Rishi Sunak said that he was reviewing the way in which inheritance tax worked, I could not argue with his intention to do so.

That, however, is not what he is saying. If the Sunday Times article can be relied upon, and I think it's safe to presume that it is based upon a well-placed leak, then Sunak's intention is not to reform or enhance inheritance tax. It is, instead, to cut it in the first instance, with a view to abolition thereafter.

Let me just put that in context. Firstly, we have had inheritance tax or one of its predecessors since 1694. It is, in fact, of exactly the same age as the national debt, precisely because the existence of both makes sense.

Secondly, and more importantly, it raises a little over £7 billion a year, with that sum being on a rising trend at present. I did a couple of tweets on the consequences of losing this revenue, assuming that the control of inflation required its replacement, last night:

 **Richard Murphy**  @RichardJMurphy · 11h ...
Sunak will probably give away more in inheritance tax cuts to benefit the children of 40,000 rich people than it would cost to give every doctor in the UK their pay rise, in full. Which of those options do you think would best serve the interests of elderly people in the UK?

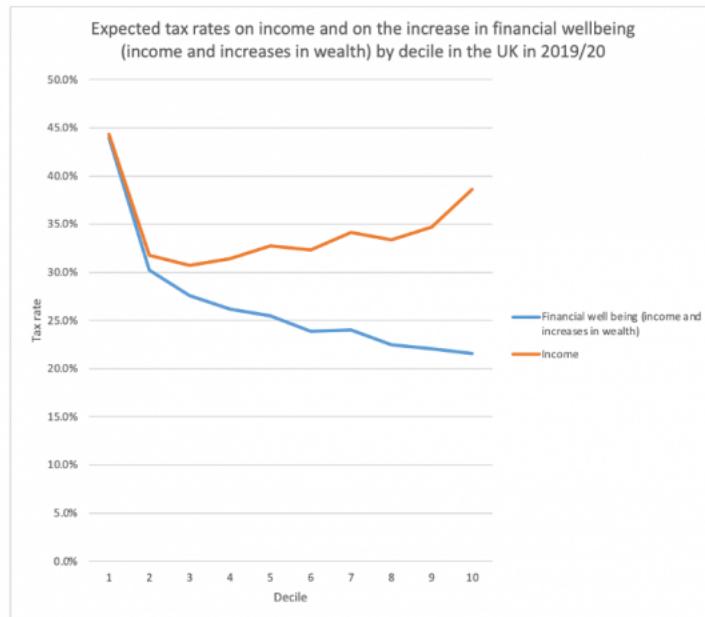
27 887 2,480 46.9K ↑

 **Richard Murphy**  @RichardJMurphy · 11h ...
There are 12.5 million pensioners in the UK. 40,000 people pay inheritance tax a year. Sunak wants to deny an inflation matching pension increase to the 12.5 million so the children of 40,000 people can benefit from a tax cut. If you can work out the Page 1/3 that, I can't.

57 1,256 2,858 94.9K ↑

You will note that they got quite good reach given that they went out on Saturday evening.

Third, as I noted recently as part of the Taxing Wealth Report 2024, [those with wealth in the UK are seriously undertaxed](#). Those in the lowest decile of income earners in the UK pay tax at around 44% on their combined income and gains in financial well-being each year, whilst those in the top decile pay at 21.5%, or less than half that rate. That is why there is capacity to raise more tax from wealth in the UK.



There is considerable capacity to raise more tax from those with wealth in the UK right now. The last thing we need is a tax cut for those who can afford to pay more.

Inheritance tax is, however, the tax that the right-wing media loves to hate, making it what has been described as the most hated tax in the UK when the reality is that less than 4% of estates in this country pay it. As I tweeted last night:

 **Richard Murphy**  @RichardJMurphy · 11h ...
The estates of just one in 25 people in the UK are subject to inheritance tax. They are called the wealthiest people in the country. Like it or not, you're probably not one of them. So why do most people give a damn about a tax they're never going to pay?

145 495 1,729 106.9K

As I also said in response to the original article:

 **Richard Murphy**  @RichardJMurphy · 12h ...
So, Sunak wants to cut taxes on wealth and so, inevitably, increase them on working people. That's trickle up politics. How does he really think that will go down in the real world in which most people actually live?

 **The Times and The Sunday Times**  @thetimes · 13h
As part of his pledge to announce a series of long-term decisions designed to change Britain, Rishi Sunak is drawing up plans to slash inheritance tax, dubbed "the most hated tax in Britain"
thetimes.co.uk/article/rishi-...

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All the usual right-wing tropes on this issue are now coming out. I did an interview for Times Radio on it last night and noted on Twitter:

 **Richard Murphy**  @RichardJMurphy · 11h ...
Just done a pre-record interview on Sunak's plan to cut inheritance tax. It was put to me that it is a tax on aspiration. Nonsense. No one refused to buy a house or start a business because one day they might pay inheritance tax. Pure drivel to suggest otherwise.
🕒 31 ⏱ 236 ❤ 963 📈 53.7K ⬤

I then added this in response to comments:

 **Richard Murphy**  @RichardJMurphy · 11h ...
Inheritance tax is almost entirely a charge on otherwise untaxed capital gains. So can we stop all the ridiculous claims being made that inheritance tax is about double taxation? It's about taxing something that would otherwise never be taxed. What's unfair about that?
🕒 81 ⏱ 230 ❤ 1,040 📈 71.6K ⬤

It is an unfortunate fact that the wealthy have been successful in persuading people to believe this nonsense.

But at least it tells us where the Tories are.

They are on the side of the most wealthy and not of pensioners.

They are on the side of untaxed wealth and not of workers.

And they are on the side of shrinking the state as climate change threatens our well-being forever.

The debate on taxing wealth is not going away. At least the [Taxing Wealth Report 2024](#) is timely. But it is not top of the agenda as yet. I was asked to be on LBC Radio this morning, and the section on inheritance tax was dropped in favour of a discussion on HS2 (now running from a remote part of West London to a field somewhere south of Birmingham). I suspect that the chance to talk about it will happen, however. The subject of taxing wealth is not going away.