

A bumper year for Inheritance Tax receipts.

According to latest figures from the government, Inheritance Tax netted £3.9bn for the HM Treasury between April and September this year, **up £400m** on the previous period last year. This is an **11% increase** compared to the £3.5bn paid in tax through the first half of the previous year, setting the Treasury on course for another year of record receipts.

The Office for Budget Responsibility's latest forecasts suggest Inheritance Tax will raise £7.2bn this financial year and will rise as much as £8.4bn in 2027/28.

In a recent article published by Professional Adviser magazine, Stephen Lowe, communications director at Just Group, a retirement specialist, explained that Inheritance Tax may turn out to be the government's "magic porridge pot", as the £325,000 threshold freeze until 2028, combined with the 30% increase in property prices over the past six years, push increasing numbers of estates into paying the tax.

Interestingly, the value of the average UK home now sits at almost £291,000, just £34,000 less than the frozen £325,000 Inheritance Tax nil rate band (Source: UK House Price Index from the HM Land Registry, Registers of Scotland, Land and Property Services Northern Ireland, Office for National Statistics).

Lowe added that the "ever-increasing" value of Inheritance Tax receipts should act as a warning for people to remember **to assess the entire value of their estate** and for homeowners this must include an up-to-date valuation of their property.

Fortunately, for clients, there **are ways** an Inheritance Tax liability can be reduced or eradicated all together, and at MGP Financial Planning we work with clients in this potentially complex area.

When discussing Inheritance Tax, the starting point is always to establish the **current position** (including the potential Inheritance Tax liability) and we do this by bringing together the various assets (e.g., cash, properties, investments, pensions) into a financial plan.

Then, and once we know where clients currently stand, our financial planning software allows us to create a lifetime projection to see where clients could be heading, so that well informed, confident financial decisions can be made to tackle the Inheritance Tax situation.

If you are concerned how Inheritance Tax might reduce the value of your estate and you would like to discuss the options available, please do get in touch by contacting the office on 0161 839 8229 or rob@mgp-financialplanning.com.

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