

Guildford is named as the UK's inheritance tax 'capital'

A freedom of information request by Direct Line Insurance has shown that residents in Guildford, Surrey paid more inheritance tax than anywhere else in the UK during the 2015/16 tax year.

658 families in Guildford were obligated to cover this tax, as their inherited estates were in excess of the £325,000 inheritance tax allowance per person. Estates exceeding this are liable to pay inheritance tax at 40%, and any allowances that are not utilised may be transferred to a spouse or civil partner to enable a combined tax free amount of £650,000 to be passed on.

The prosperous Surrey inhabitants were liable for an average of £231,000 each, with the data also indicating that families in the wealthy areas of South West London such as Chelsea and Wimbledon, were most likely to pay the highest amounts of inheritance tax, with bills amounting to an average of £390,000.

In contrast, only 31 families in Wigan, Greater Manchester, were seen to pay inheritance tax in this year.

This huge gap further highlights the concern that although there is an additional allowance of £125,000 for estates encompassing a property, the house prices in London and the South East have soared since the £325,000 allowance was set in 2009 and it has been left at this level. The Office for Tax Simplification is considering this issue and the second of two reports is expected in the Spring of 2019.

However, there are several ways to mitigate the amount of inheritance tax liability, and anyone with a large inheritance tax bill is advised to seek professional help.