

# Taxman clamps down on IHT property dodges

**T**he taxman collected £271 million last year from people dodging inheritance tax (IHT) — £22 million more than the year before. HM Revenue & Customs (HMRC) recouped the extra money after checking the value of homes that people had inherited and finding that many had under-reported their worth to minimise their tax burden.

The amount of money recouped was 9 per cent higher than in 2017-18, when £249 million was raised, and that in turn was 22 per cent higher than the £204 million collected in 2016-17, according to Wilsons, a firm of solicitors.

Anyone misreporting the value of a property faces having to pay any extra tax that is due, plus a fine of up to the same amount again.

Rupert Wilkinson, a partner at Wilsons, says those who misreport the value of their residential property do so “in some cases by mistake and in others on purpose to reduce inheritance tax bills”. Wilson suggested that the figures did not mean that more people were lying about

property values, but that HMRC was investigating more IHT cases because it was easier to check house prices.

Investigators can check property valuations against Land Registry databases on sale prices for similar properties. HMRC also uses tools such as Google Street View to check for extensions or other improvements that may have pushed up a property’s value since its most recent sale.

“All property values that look out of kilter with the local market are now likely to be checked. Inadvertently undervaluing a property could leave bereaved families facing big fines for unpaid IHT,” he says.

“Thanks to the volume of data available online, HMRC’s valuers can conduct preliminary investigations into underpaid IHT without even leaving their desks.”

HMRC says: “The majority of people pay the correct IHT. Investigations are opened into the small proportion of cases where compliance issues have been detected to ensure that everyone pays their fair share of tax.”

**David Byers**