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Charges, Taxes, Estates and Care: A comparative analysis

James Lloyd

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James Lloyd was appointed Director of the Strategic Society Centre in September 2010. He read Philosophy at University College London, and has Masters degrees in Comparative Politics and in Public Policy. James has worked at a number of Westminster and academic think-tanks, and at the Prime Minister's Strategy Unit. He has a particular interest in social care, assets and wealth, pensions and ageing. His previous publications include 'A National Care for Long-term Care', 'Asset Accumulation in Focus: The Challenges Ahead' and 'Living and Caring? An Investigation of the Experiences of Older Carers'. James is an Advisor to the ESRC Research Centre on Micro-Social Change at the University of Essex.

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Executive Summary

Some stakeholders argue a new inheritance tax should be implemented to fund the abolition of means-testing in social care. An IHT model confronts various problems, such as fluctuations in house prices. At the tax thresholds likely to be required - 13% and above - many households would likely move wealth in order to lower their bills, reducing revenue, and potentially making an IHT for care unworkable. An estate-charge model would overcome such problems, but confronts negative distributional issues in relation to poorer households. Campaigners for universal free care funded via a new IHT would be well-advised to drop a tax-based model, and instead adopt a 'charge + cap' model, that caps the percentage of an estate liable for a charge.

In the context of the under-funded long-term care system of England and Wales, a number of stakeholders have in recent years called for changes to the UK inheritance tax (IHT) framework in order to provide new revenue that could be channelled into the system.

Policy analysts have identified various problems with the proposal for an IHT for care and support, such as the resulting sensitivity of social care revenue streams to fluctuations in house prices.

As an alternative approach, a lump-sum charge on estates above a certain threshold would sidestep a number of these problems. The key drawback of estate charge models is the distributional effect: poorer households paying more as a percentage of the value of their estate than wealthier ones. However, this problem could be reduced through a 'charge + cap' approach, in which the percentage value of an estate liable as a charge is capped, for example, at 15%.

Although there is little political appetite for returning to the idea of a tax on estates to improve the funding of long-term care in England and Wales, this report explores the effect of a range of different potential taxes and charges on the value of estates. The analysis uses HM Revenue and Customs administrative data on estates for the year 2007-08. It is assumed that there is no behavioural response among households; i.e. that families do not move wealth in order to lower their 'bill' under a particular estate charge or tax. However, in reality, it is likely that many families would do just this.

Different taxes and charges on estates yield different levels of revenue, and have different distributional effects. A 5% tax on estates worth over £25,000 yields just over £3 billion. A £20,000 charge on estates worth more than £40,000 would yield around £4.5 billion but leave some estates with a bill worth over 20% of the value of the estate.

Given the likely cost of abolishing means-testing for social care in the face of already rising demand, it appears that some proposed estate taxes, such as 5% on the value of estates worth more than £25,000, would be unlikely to yield sufficient revenue. However, if higher tax thresholds were adopted, such as 13%, the likely behavioural response of households of moving wealth around to lower tax bills would reduce the revenue derived. This suggests that an IHT for care and support may in fact be unworkable.

The reports suggests that campaigners for the abolition of means-testing in the long-term care funding through the adoption of a new IHT for care and support would be well-advised to drop a tax-based model, and instead adopt a 'charge + cap' model.

1. Introduction

In the context of the under-funded long-term care system of England and Wales, a number of stakeholders have in recent years called for changes to the UK inheritance tax framework in order to provide new revenue that could be channelled into the care system.

In part, such new revenue raising would provide a mechanism to meet the costs of rising demand associated with an ageing population. However, the ultimate goal of many campaigners has been the abolition of means-testing in the social care system of England and Wales, i.e. the adoption of universal free personal care. Such a reform would not be cheap.

Under the current system, public spending on social care in England and Wales is projected to increase from £8.1 billion per year in 2015 to £12.1 billion in 2026; at the same time, spending on Attendance Allowance will increase from £4 billion to £5.1 billion (2006/2007 prices).[1] Were free personal care introduced, the cost of social care would be £10.7 billion in 2015 rising to £16.8 billion in 2026 (2006/2007 prices).[2]

What does this mean? Moving to a system of free personal care in the context of already rising demand would see the projected cost of the current system in 2013 of £7.1 billion rising, with the abolition of means-testing, to £16.8 billion in 2026.

An IHT to fund care and support

Given constraints on public spending, some stakeholders have called for a new inheritance tax (IHT) to fund this proposed spending.

The advantages of a new IHT for care and support – or so-called 'Care Duty' – are seen to be manifold, and include:

- Simplicity and communicability;
- Intergenerational fairness;
- Progressivity;
- Feasibility.

Perhaps most importantly, in the context of considerable and unprecedented housing wealth among the older population, an IHT for care and support is seen as a direct mechanism to channel this wealth into the social care system.

Nevertheless, policy analysts have identified a number of drawbacks to a new IHT framework as a model of long-term care funding, in addition to the obvious political difficulty posed by increasing the tax-net on the value of estates.[3] These include:

- The likely behavioural response by older households brought into the IHT net of transferring wealth in order to lower exposure to the new IHT framework, casting uncertainty over what revenue would result;
- The sensitivity of IHT revenue - and thereby social care funding streams - to fluctuations in house prices;
- In the absence of a 'cap' on tax bills under an hypothecated IHT for care and support, the fact that wealthier households would be compelled to pay more for an 'entitlement' – personal care free at the point of use - that would have cost less if they had purchased a private insurance product;
- Incoherence of an IHT for care and support with the policy objective of improving the affordability of home-ownership for younger cohorts by deploying policy interventions that depress the value of house prices.

An estate charge to fund care and support

An alternative approach to a tax on estates to fund care and support is to impose a lump-sum charge, such as £20,000 per estate, payable from estates over

a threshold of, for example, £40,000; in effect, a 100% tax-rate on estates between £40,000 and £60,000. Depending on how such a charge were structured and implemented, it would sidestep a number of the difficulties posed by a potential new tax on the value of estates:

- Relatively few households would be incentivised to move wealth around family networks in order to lower their tax bill. Many would have to transfer hundreds of thousands of pounds before their effective 'bill' was reduced by £1;
- Unlike an estate tax, the revenue derived from an estate charge would be unaffected by fluctuations in house prices, except among those households whose estates are at the threshold of the charge. For example, a 10% reduction in average house prices would have very little effect on the revenue derived from a charge on estates;
- Given widespread concern at the poor affordability of home-ownership for younger households, policymakers could implement measures of different strength to hold down house prices without any effect on the revenue provided by an estate charge except, again, among those households whose estates were at the threshold of the charge.

The principal shortcoming of the 'charge' model is the distributional effect: poorer households would likely have to pay more as a proportion of their estate than wealthier households. It is this un-progressive aspect of potential estate charge models that have made them unpopular with politicians.

One way around this issue, which is explored in this report, is a 'charge + cap' model, in which a flat-rate charge is applied above a certain threshold; however, no household would have to pay more than a capped percentage – for example, 15% - of the value of their estate as a charge.

For this reason, some of the models explored here comprise a 'charge + cap' model.

Charges, Taxes, Estates and Care: A comparative analysis

Since a peak of political interest in long-term care funding models based on estate taxes around the beginning of 2010, political changes have ensured there is much less interest from the government in long-term care funding models that focus on estates.

Nevertheless, there continues to be interest in such an approach from campaigners. However, despite the attention a potential IHT for care and support received in the run-up to the 2010 General Election, there has been very little public analysis done of different IHT thresholds and charges, their incidence on estates and the revenue that would be derived.

In order to inform ongoing policy debate in the social care sector, this report provides some figures about the revenue derived from estate taxes and charges, and their varying impact on the value of estates. The report uses public data from HM Revenue and Customs on the value of estates in a single tax-year year (2007-08), and explores what the effect of different charges and taxes would have been in terms of revenue and their incidence.

Key points:

- In the context of the under-funded long-term care system of England and Wales, a number of stakeholders have in recent years called for changes to the UK inheritance tax (IHT) framework in order to provide new revenue that could be channelled into the system.
- Policy analysts have identified various problems with the proposal for an IHT for care and support,

such as the resulting sensitivity of social care revenue streams to fluctuations in house prices.

- As an alternative approach, a lump-sum charge on estates above a certain threshold would side-step a number of these problems.
- The key drawback of estate charge models is the distributional effect; poorer households paying more as a percentage of the value of their estate than wealthier ones. However, this problem could be reduced through a 'charge + cap' approach, in which the percentage value of an estate liable as a charge is capped, for example, at 15%.
- Although there is little political appetite for returning to the idea of a tax on estates to improve the funding of long-term care in England and Wales, this report explores the effect of a range of different potential taxes and charges on the value of estates.

2. Analysing the effect of taxes and charges on the value of estates

This chapter provides background information on the analysis in this report into the effect of different potential taxes and charges to pay for care on the value of estates and the revenue derived.

The chapter outlines the data used, the variables of interest and the assumptions deployed in the analysis.

The analysis looks at the effect of different IHT thresholds on the value of estates. It also looks at the effect of some different potential 'charges' on estates worth £20,000 - £30,000, which are effectively a 100% tax rate on estates between certain thresholds, such as £40,000 - £60,000.

Throughout the analysis, it has been assumed that an exempt, 'nil-rate' band exists up to at least £25,000, i.e. no taxes or charge falls on the first £25,000 of an estate.

The data

The data used in the analysis are publicly available and published on the website of HM Revenue and Customs.[4]

The data detail the value of estates passing on death in the tax year 2007-08, broken down by the value of estates (in certain ranges) and by the value of different asset classes that comprise the value of estates (cash, residential buildings, insurance policies, etc.).

However, for the purposes of this analysis, the key data of interest are:

- Total net capital value of estates, which is the total value of estates net of any outstanding debts, e.g. mortgage debt;
- Number of estates by banded value of estates, i.e. £0 to £10,000, £10,000 to £25,000, £25,000 to £40,000, £40,000 to £50,000, £50,000 to £60,000, £60,000 to £80,000, etc.

Variables for analysis

Analysing the effect of different estate taxes and charges means observing changes in several variables:

- Proportion of estate liable as a charge or tax by total value of estate, e.g. what would be the 'bill' for an estate worth £100,000 under different tax thresholds and charges as a percentage of the value of the estate;
- Total revenue derived;
- The maximum value of the charge applied;
- The effective 'nil-rate' band, i.e. the threshold value of estates below which no charge or tax is applied.

From a political perspective, it is the proportion of an estate liable as a tax or charge that is of key interest.

Assumptions

It is important to underline the key assumption contained in the analysis of no behavioural response among households in response to the imposition of a new tax or charge on the value of estates. In short, it is assumed that households do not move wealth around in order to lower their bill for an estate tax or charge.

This assumption is particularly important in relation to the values generated by applying a tax on the value of estates; it is almost certain that had a tax been applied in reality, many families would have moved wealth, and the value of estates for 2007-2008 would have been different.

Importantly, it is simply impossible to project with any reasonable accuracy how many families would move wealth in this way.

A further assumption in the analysis relates to estates that fall in the £2 million + band. All such estates in the analysis are assumed to be worth £2 million, which may lead to some underestimation in the revenue derived from estates in this band.

Rounding

As appropriate, percentages and values have been rounded.

In order to calculate the effect of charges on estates in different bands, the analysis used the middle value within each band, e.g. £45,000 for the £40,000 - £50,000 band.

Key points:

- The analysis in this report uses HM Revenue and Customs administrative data on estates for the year 2007-08.
- An effective 'nil-rate' band between £0 - £25,000 is applied throughout.
- It is assumed that there is no behavioural response among households; i.e. that families do not move wealth in order to lower their 'bill' under a particular estate charge or tax. However, in reality, it is likely that many families would do just this, particularly if higher tax rates were applied.

3. Results of the analysis

This chapter details the findings of the analysis and sets out a number of different potential scenarios for different taxes and charges.

In the 2007-08 tax-year, 270,639 estates were passed on death, and their total net value was around £62 billion.

The distribution of estates

To grasp the dynamics around the effects of different taxes and charges on the value of estates, it is important to explore the distribution of estates on death.

Table 1 in the Appendix shows that most estates are worth between £100,000 and £300,000 – around 50% of estates fall in this band.

The number of very large estates worth more than half a million pounds is relatively small – they represent around 6.5% of all estates. Around two-thirds of estates (67%) are worth between £80,000 and £500,000.

The implication of this distribution is that the level of tax or charge imposed on estates around £100,000 - £300,000 will be key in determining the total revenue derived.

All the tables, data and charts described are contained in the Appendix.

Scenario 1: a 5% IHT on estates worth more than £25,000

Table 2 shows that a 5% 'care duty' on estates would have yielded just over £3 billion in 2007-08.

Scenario 2: a 13% tax on estates worth more than £25,000

A tax of 13% on all estates worth more than £25,000 would have yielded around £6.5 billion in revenue, as shown by Table 3. However, this assumes that no households move wealth in response to the tax, even though it is reasonable to expect that some would do so.

It is also worth noting that estates worth more than half a million pounds would likely be left with IHT bills worth far more than it would cost to insure a couple against long-term care if they were purchasing private insurance. As identified by commentators,[5] it is unlikely that such uncapped tax bills for a 'fixed benefit' would be politically tenable.

Scenario 3: a 13% tax on estates worth more than £25,000 with a £50,000 cap on bills

In order to overcome the problem of uncapped bills under an hypothecated IHT for care and support, the analysis for Table 4 assumes a cap on bills of £50,000.

This pushes the total revenue yielded down to under £6 billion, and means that estates worth more than half a million pounds pay less as a proportion of the estate than smaller estates.

Scenario 4: a £20,000 charge on estates worth more than £40,000

Table 5 instead looks at the effect of a £20,000 charge on estates worth more than £40,000. In effect, this means that a 100% tax-rate applies on estates between the thresholds of £20,000 and £40,000. An estate worth £50,000 would only pay £10,000 as a charge.

Such a charge would generate around £4.5 billion in revenue. However, the distributional effects are

significant. Estates worth between £50,000 and £100,000 would see at least 20% of the value of the estate swallowed up by the charge, in contrast, for example, to 8% of the value of estates worth between £200,000 and £300,000.

Scenario 5: a £20,000 charge on estates worth more than £60,000

To explore the effect of the same charge applied at a different threshold, Table 6 has the data for a £20,000 charge on estates worth more than £60,000.

The total revenue yielded is less: just over £4 billion. However, only around 14,000 estates worth between £80,000 and £100,000 would face a bill worth more than 20% of the value of the estate.

Scenario 6: a £25,000 charge on estates worth more than £40,000

Table 7 increases the size of the charge to £25,000, applied to estates worth over £40,000. The total revenue yielded is around £5.5 billion, but the value of the charge on estates worth £60,000 - £80,000 as a percentage is pushed over 35%.

Scenario 7: a £30,000 charge on estates worth more than £40,000

Table 8 increases the value of the charge further to £30,000 on estates worth more than £40,000. The total revenue is over £6.5 billion, but estates worth £60,000 - £80,000 now confront a bill worth over 40% of the estate.

Scenario 8: a 50% tax on estates worth between £40,000 and £100,000 (up to £30,000 charge)

In order to spread the burden of a £30,000 charge, Table 9 applies a 50% tax on estates between the thresholds of £40,000 and £100,000. The total revenue is over £6 billion, but no estate confronts a bill worth more than 28% of the value of the estate. However, households with total estates in this band would clearly have a strong incentive to transfer their wealth in order to reduce exposure.

Scenario 9: a £20,000 charge on estates worth between £40,000 - £60,000 and a 50% tax between £60,000 and £80,000

On this scenario, a charge and a tax are combined. This creates extra complexity, yields £6.5 billion in revenue, but leaves estates worth £60,000 - £80,000 paying 36% of the value of the estate, as shown by Table 10.

Scenario 10: 100% tax on £40k-£50k and £70k-£80k

This scenario effectively splits a £20,000 charge, so that £10,000 is paid at both the £40,000 threshold and the £70,000 threshold. The total revenue derived is around £4.3 billion, but no estate has to pay more than 22% of the value of the estates, as shown by Table 12.

Scenario 11: £20,000 charge above the £40,000 threshold with a 20% cap

This scenario applies the ‘charge + cap’ model. A £20,000 charge is applied on estates worth over £40,000, but no estate is compelled to pay more than 20% of the value of the estate as a charge. Estates worth between £40,000 and £100,000 have their bill capped in this way, as shown by Table 12, and the total revenue yielded is around £4.3 billion.

Scenario 12: £30,000 charge above the £40,000 threshold with a 20% cap

This scenario increases the value of the charge applied under the ‘charge + cap’ model, with a charge of £30,000 applied, but bills still capped at 20%. As Table 13 shows, estates worth between £50,000 and

£100,000 have their bill capped in this way and the total revenue yielded is around £6 billion.

Key points:

- Different taxes and charges on estates yield different levels of revenue, and have different distributional effects.
- A 5% tax on estates worth over £25,000 yields just over £3 billion.
- A £20,000 charge on estates worth more than £40,000 would yield around £4.5 billion but leave some estates with a bill worth over 20% of the value of the estate.

4. Conclusion

This paper has compared the potential effect of different taxes and charges on the value of estates, in the context of ongoing policy debate as to how to increase the funding available to the long-term care system of England and Wales.

In this Conclusion, two key questions arising out of such analysis are explored.

Do estate charges and taxes yield sufficient revenue?

The question of whether different potential estate charges and taxes hypothecated to pay for long-term care would yield sufficient revenue depends on what sort of funding system was to be associated with such reforms.

The reform most commonly attributed to these potential changes is universal free personal care, i.e. the abolition of means-testing in the local authority needs-assessments of England and Wales.

It has been projected - using multiple assumptions - that the cost of implementing free personal care for older people in England and Wales - incorporating public spending on Attendance Allowance – would, in the face of rising demand, be £14.6bn in 2015 per year rising to £21.6bn in 2026, compared to the £10.2bn cost of the current system.[6]

As such, it is clear that low-level taxes and charges, such as a 5% tax on estates worth more than £25,000, would likely yield too little to fund the abolition of means-testing in the short-term.

In the longer-term, the gap increases in line with demographic changes; however, it is difficult to project whether revenue from an estate tax or charge would also increase, which will depend on the number of individuals reaching the peak age of mortality, trends in property ownership and household wealth.

Nevertheless, the analysis presented here suggests that an IHT rate of 13% or more is likely to be required to generate sufficient revenue to enable the abolition of means-testing. However, given that many households would likely move wealth around in order to lower their exposure to such a new tax, this casts doubt on how much revenue would be raised.

Ultimately, it appears that an IHT model to fund the abolition of means-testing in the long-term care system is unworkable: the tax-rates required would likely cause so many families to move wealth around that revenue would be insufficient. This suggests that advocates of long-term care funding reform built around forms of estate tax would be well advised to drop the IHT model in favour of a charge-based model.

What can be done about the distributional implications of different estate charges and taxes?

As described in the Introduction, a charge on estates to fund care and support has a number of advantages over a tax. However, the principal drawback of a charge model is the distributional effect: poorer households would confront a larger bill as a proportion of the value of their estate than wealthier households. It is this fact in particular that has made the model unattractive to politicians.

Two potential responses are possible. First, it could be argued that such differences do not matter. For example, if a poorer household confronts a bill worth 30% of the value of their estate compared to 8% on a tax-based model, are the equity implications of such a difference so significant as to undermine the whole policy, in the context of the outcomes in the social care system that would be obtained? It is important to highlight that only a small proportion of estates would

be affected in this way, potentially limiting the political pressure that might result.

Second, as described in the Introduction and subsequently explored in the analysis, a 'charge + cap' model could be applied, that limited the percentage of an estate that would be liable for a charge. This reduces the revenue derived by a small amount, but would also drain any political pressure around the percentage of estates liable as an estate-charge.

Comment

As described in the Introduction, there is little prospect of a new IHT or charge being implemented in order to fund the abolition of means-testing in the social care system in England and Wales.

However, it is important that continued interest in such funding models is grounded in realistic data around the revenue that would be derived under different scenarios and their distributional impact on the value of estates. Projections of such outcomes must be treated with caution and underlying assumptions given due consideration. Nevertheless, this report has sought to provide some extra data with which stakeholders can evaluate the pros and cons of models of long-term care funding built around estates.

The key conclusion of the analysis is that an IHT for care and support is likely to be unworkable given the tax-rates required and the likely response by families. Instead, campaigners for the abolition of means-testing who favour an IHT for care and support should instead advocate for a charge-based model.

A 'charge + cap' model would overcome distributional concerns about such an approach. A charge-based model is also coherent with a greater range of potential other funding models, such as a state-sponsored insurance fund model.

Key points:

- Different taxes and charges on estates yield different levels of revenue, and have different distributional effects.
- It is important to note that some proposed estate taxes, such as 5% on the value of estates worth more than £25,000, would be unlikely to yield sufficient revenue to enable the abolition of means-testing in England and Wales.
- A 'charge' model avoids some of the problems of an estate-tax; and a 'charge + cap' model would overcome concerns around the negative distributional impact for poorer households.
- The analysis suggests that campaigners for the abolition of means-testing in the long-term care funding through the adoption of a new IHT for care and support would be well-advised to drop a tax-based model - which may be unworkable given the likely behavioural response of households – and instead adopt a 'charge + cap' model.

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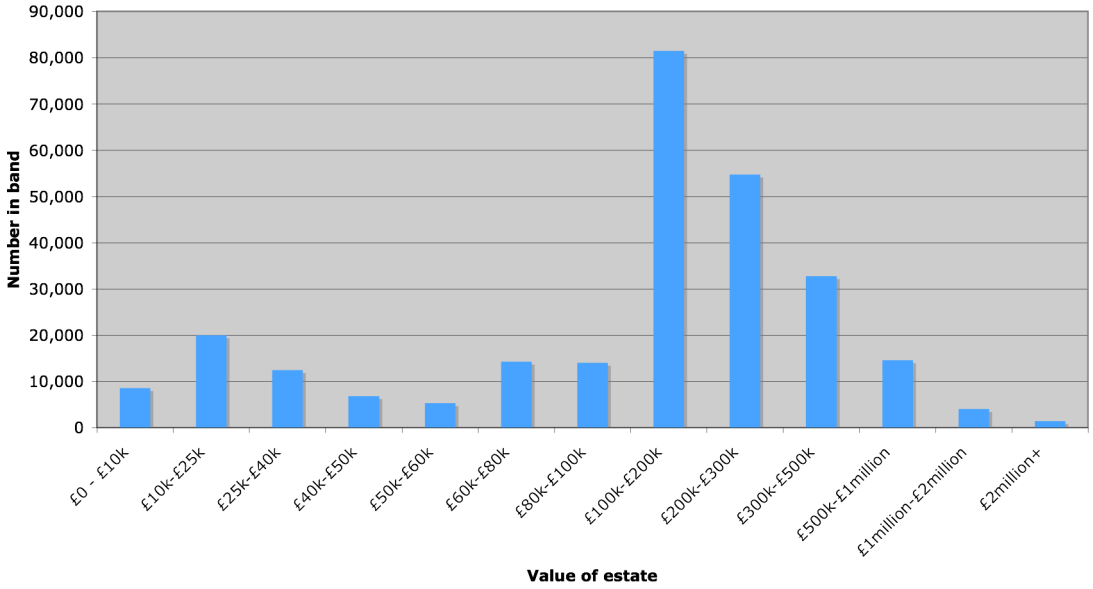
[1] Humphries R et al. (2010) *Securing good care for more people*, The King's Fund, London
[2] Ibid.
[3] Lloyd J (2011) *Inheritance Tax: Could it be used to fund long-term care?*, The Strategic Society Centre, London
[4] http://www.hmrc.gov.uk/stats/inheritance_tax/table12-4.pdf
[5] Lloyd J (2011) *Inheritance Tax: Could it be used to fund long-term care?*, The Strategic Society Centre, London
[6] Humphries R et al. (2010) *Securing good care for more people*, The King's Fund, London

Appendix: Data and Findings

Table 1: Estates Passing on Death, 2007-08, by Net Capital Value, distribution, and percentage of all estates

Net Capital Value	£0 - £10k	£10k- £25k	£25k- £40k	£40k- £50k	£50k- £60k	£60k- £80k	£80k- £100k	£100k- £200k	£200k- £300k	£300k- £500k	£500k- £1m	£1m- £2m	£2m+	Total
Number in band	8,611	19,982	12,437	6,825	5,305	14,255	14,058	81,481	54,795	32,786	14,615	4,045	1,443	270,639
% of all estates	3	7	5	3	2	5	5	30	20	12	5	1	0.5	
Amount (£m)	-27	353	407	307	291	997	1,231	11,910	13,382	12,078	9,520	5,164	6,450	62,062

Distribution of estates by value of estate, 2007-08



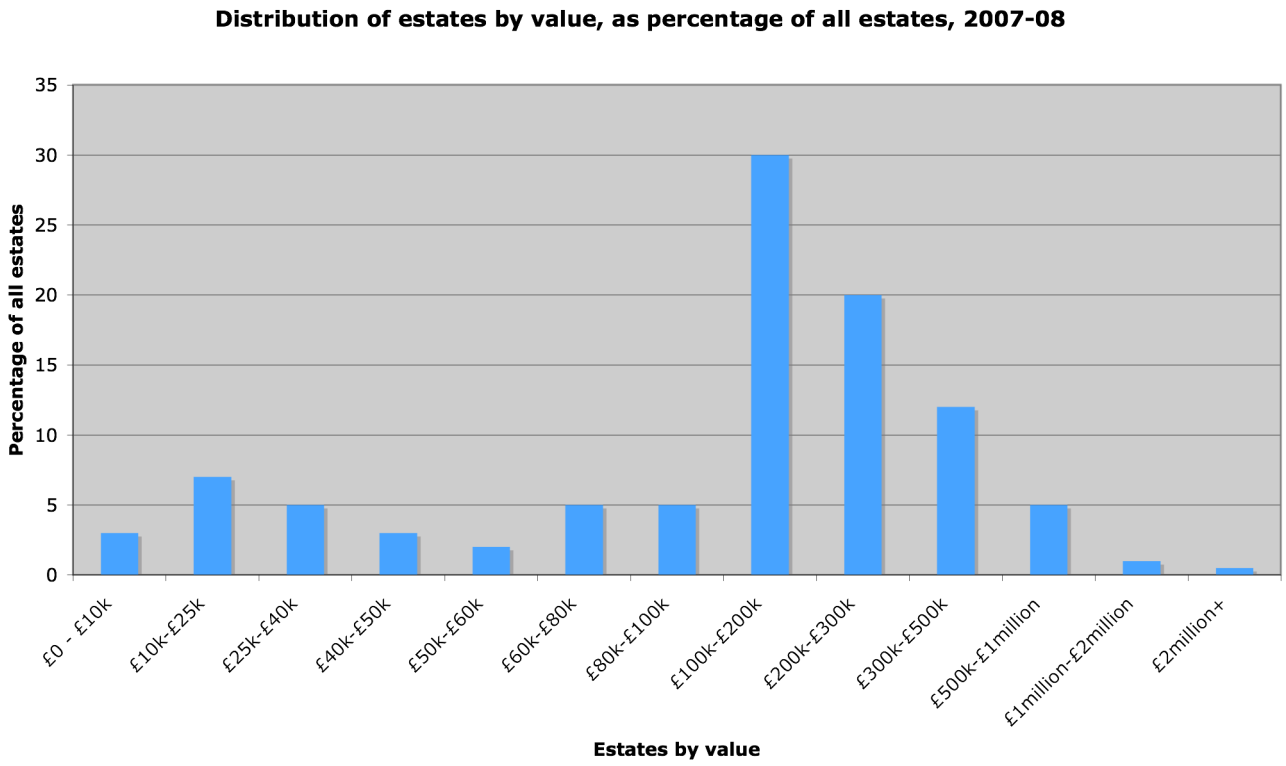

Distribution of estates by value, as percentage of all estates, 2007-08
Percentage of all estates
35
30
25
20
15
10
5
0
£0 - £10k
£10k-£25k
£25k-£40k
£40k-£50k
£50k-£60k
£60k-£80k
£80k-£100k
£100k-£200k
£200k-£300k
£300k-£500k
£500k-£1million
£1million-£2million
£2million+
Estates by value

Table 2: 5% IHT on estates worth over £25,000

Net Capital Value	£0 - £10k	£10k- £25k	£25k- £40k	£40k- £50k	£50k- £60k	£60k- £80k	£80k- £100k	£100k- £200k	£200k- £300k	£300k- £500k	£500k- £1m	£1m- £2m	£2m+
% of estate	0	0	1	2	3	3	4	4	4.5	5	5	5	5
Bill per estate (£k)	0	0	0.375	1	1.5	2.25	3.25	6.25	11.25	18.75	36.25	73.75	98.75
£Revenue by band	0	0											

Total Revenue £3,085,450,000

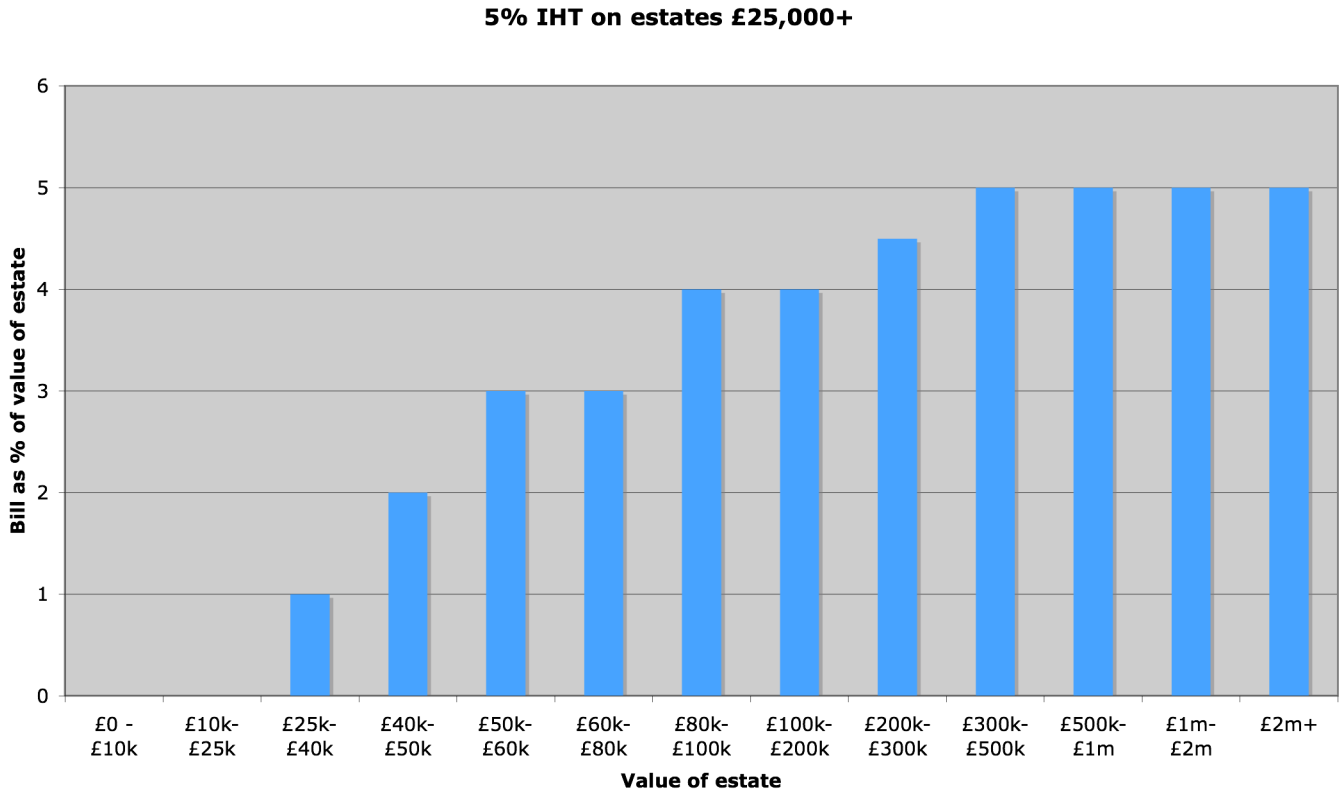


Table 3: 13% IHT on estates worth over £25,000

Net Capital Value	£0 - £10k	£10k- £25k	£25k- £40k	£40k- £50k	£50k- £60k	£60k- £80k	£80k- £100k	£100k- £200k	£200k- £300k	£300k- £500k	£500k- £1m	£1m- £2m	£2m+
% of estate	0	0	3	6	7	8	9	11	12	12	13	13	13
Bill per estate (£k)	0	0	0.975	2.6	3.9	5.85	8.45	16.25	29.25	48.75	94.25	191.75	256.75
Revenue by band (£)	0	0	12,126	17,745	20,690	83,392	118,790	1,324,066	1,602,753	1,598,318	1,335,051	57,629	370,490

Total Revenue: £6,541,050,000

Table 4: 13% tax on estates worth more than £25,000 with a £50,000 cap

Net Capital Value	£0 - £10k	£10k-£25k	£25k-£40k	£40k-£50k	£50k-£60k	£60k-£80k	£80k-£100k	£100k-£200k	£200k-£300k	£300k-£500k	£500k-£1m	£1m-£2m	£2m+
% of estate	0	0	3	6	7	8	9	11	12	12	7	3	2.5
Bill per estate (£k)	0	0	0.975	2.6	3.9	5.85	8.45	16.25	29.25	48.75	50	50	50
£Revenue by band	0	0	12,126	17,745	20,690	83,392	118,790	1,324,066	1,602,753	1,598,318	730,750	202,250	72,150

Total Revenue £5,783,030,000

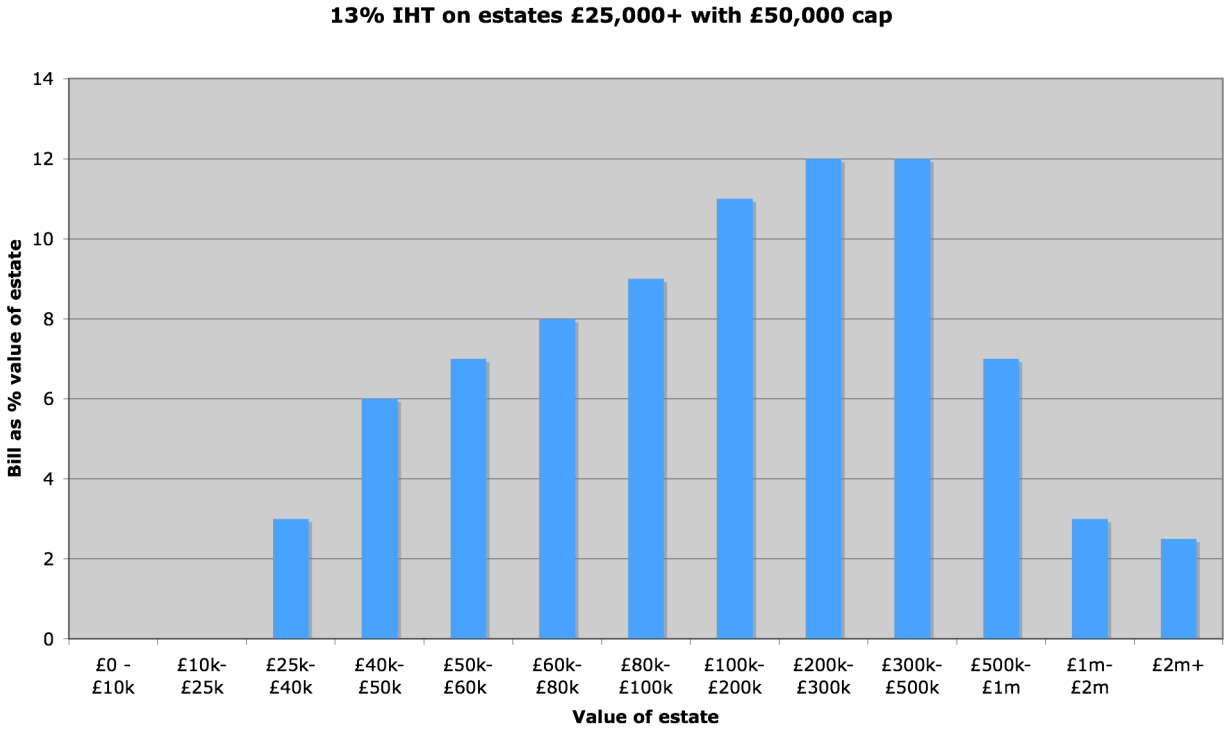


Table 5: 100% tax on £40k-£60k (£20,000 charge)

Net Capital Value	£0 - £10k	£10k- £25k	£25k- £40k	£40k- £50k	£50k- £60k	£60k- £80k	£80k- £100k	£100k- £200k	£200k- £300k	£300k- £500k	£500k- £1m	£1m- £2m	£2m+
% of estate	0	0	0	11	27	29	22	13	8	5	3	1.3	<1
£Revenue by band (k)	0	0	0	34,125	79575	285100	281160	1629620	1095900	655720	292300	80900	28860

Total Revenue £4,463,260,000

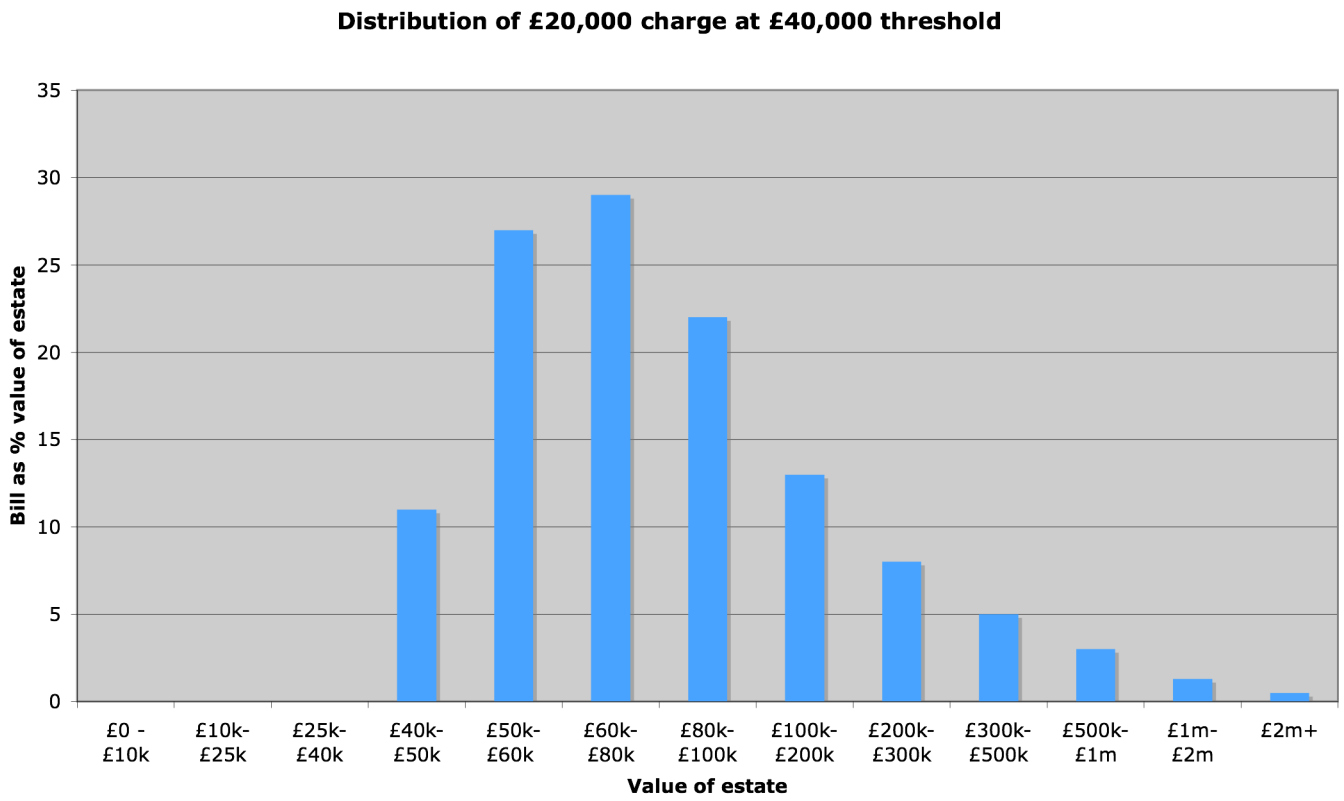


Table 6: 100% tax on £60k-£80k (£20,000 charge)

Net Capital Value	£0 - £10k	£10k- £25k	£25k- £40k	£40k- £50k	£50k- £60k	£60k-£80k	£80k- £100k	£100k- £200k	£200k- £300k	£300k- £500k	£500k- £1m	£1m- £2m	£2m+
% of estate	0	0	0	0	0	14	22	13	8	5	3	1.3	<1
£Revenue by band	0	0	0	0	0	142550	281160	1629620	1095900	655720	292300	80900	28860

Total Revenue £4,207,010,000

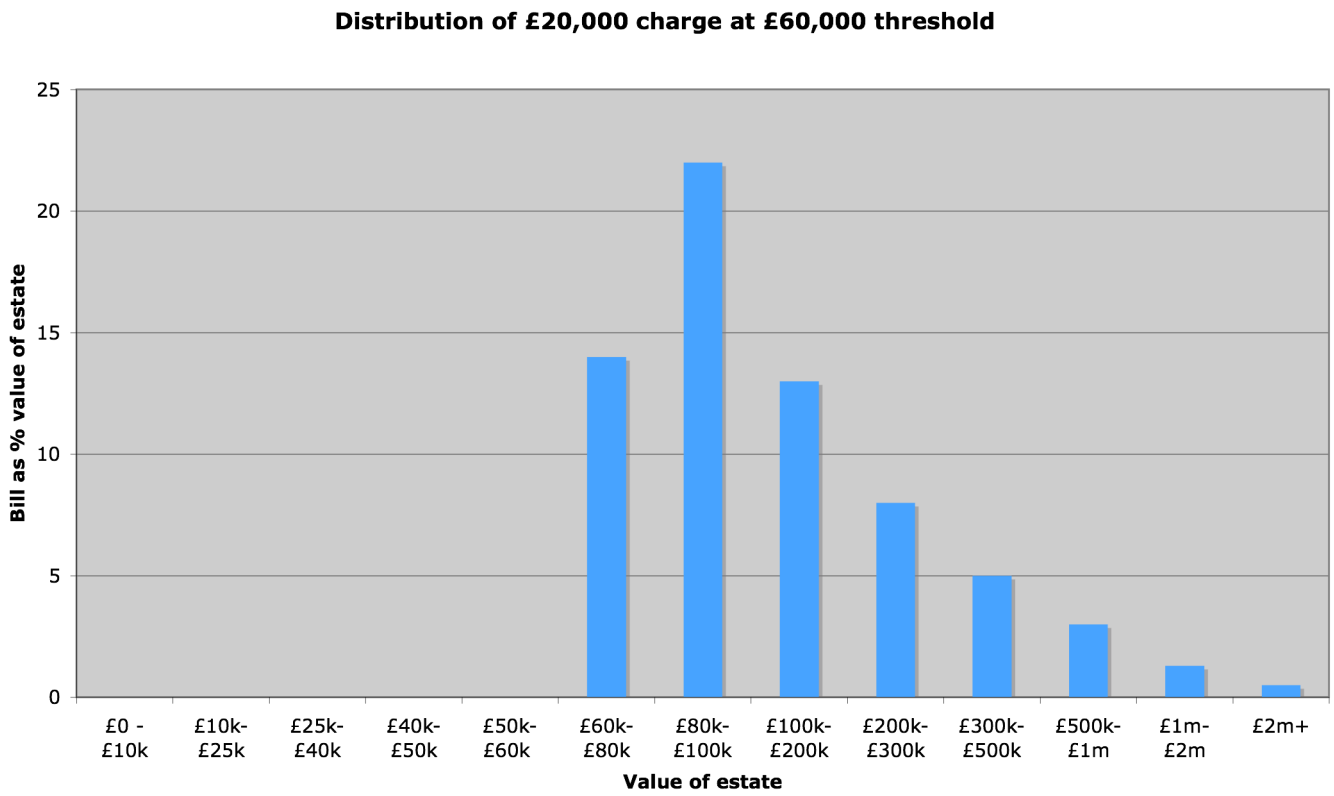


Table 7: 100% tax on £40,000-£65,000 (£25,000 charge)

Net Capital Value	£0 - £10k	£10k- £25k	£25k- £40k	£40k- £50k	£50k- £60k	£60k- £80k	£80k- £100k	£100k- £200k	£200k- £300k	£300k- £500k	£500k- £1m	£1m- £2m	£2m+
% of estate	0	0	0	11	27	36	28	17	10	6	5	2	1
£Revenue by band (k)	0	0	0	34,125	79575	356375	351450	2037025	1369875	819650	365375	101125	36075

Total Revenue £5,550,650,000

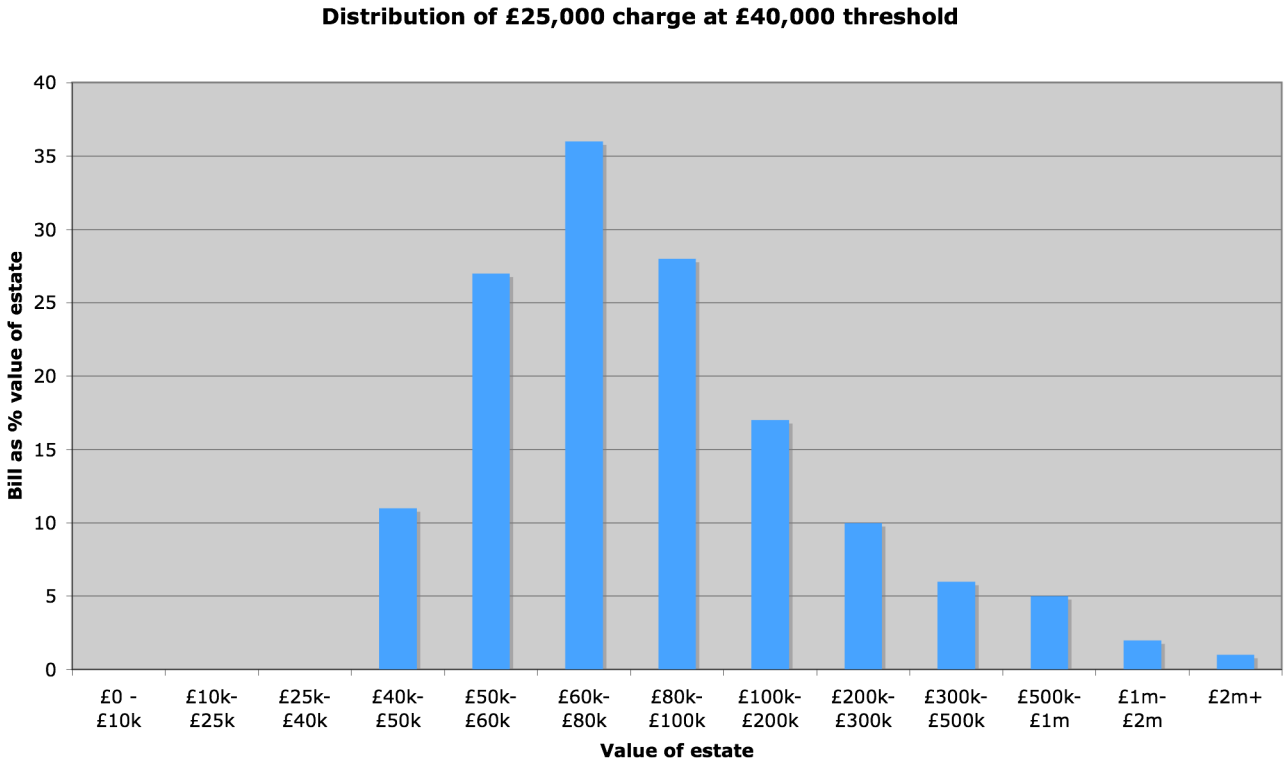


Table 8: 100% tax on £40,000-£70,000 (£30,000 charge)

Net Capital Value	£0 - £10k	£10k-£25k	£25k-£40k	£40k-£50k	£50k-£60k	£60k-£80k	£80k-£100k	£100k-£200k	£200k-£300k	£300k-£500k	£500k-£1m	£1m-£2m	£2m+
% of estate	0	0	0	11	27	43	33	20	12	7.5	4	2	1.5
£Revenue by band	0	0	0	34125	79575	427650	421740	2444430	1646850	983580	438450	121350	43290

Total Revenue £6,641,130,000

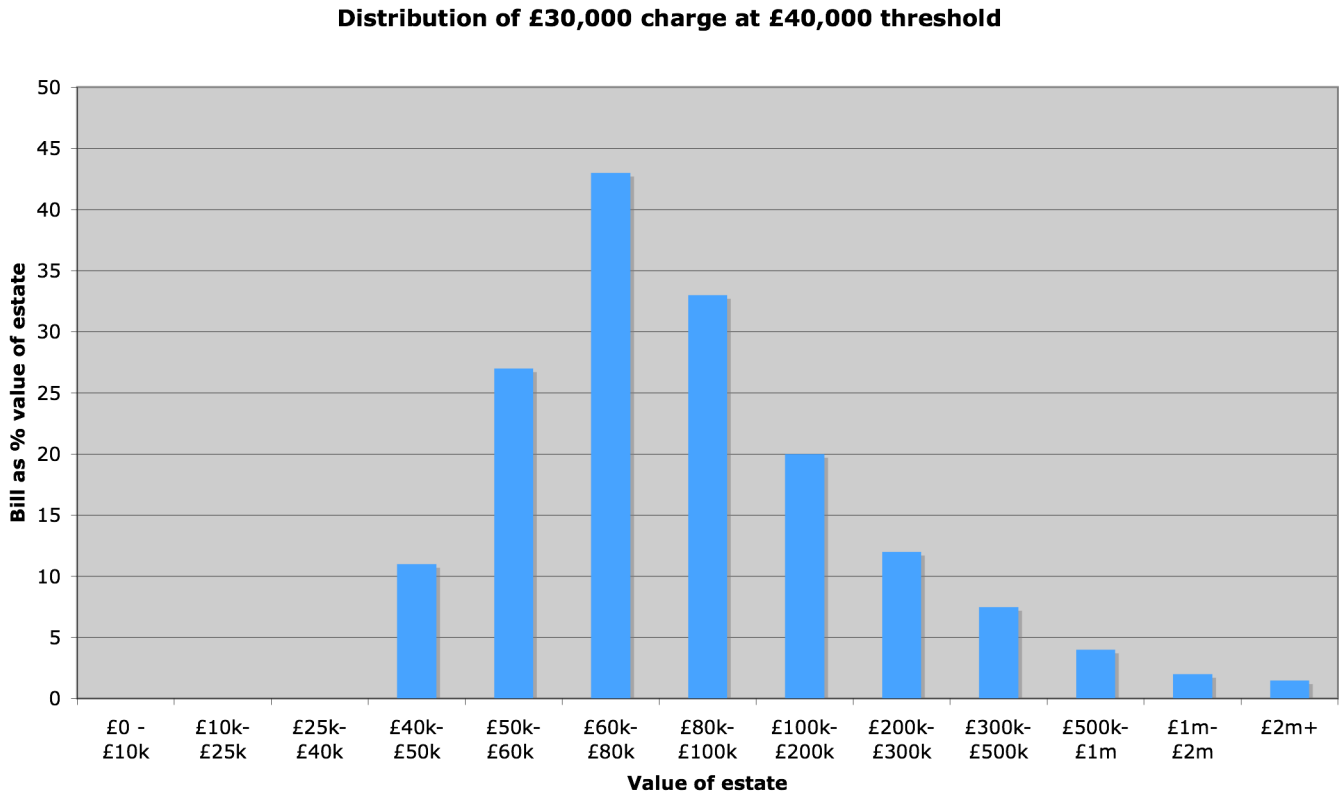


Table 9: 100%: 50% tax applied between £40,000-£100,000 (up to £30,000 charge)

Net Capital Value	£0 - £10k	£10k- £25k	£25k- £40k	£40k- £50k	£50k- £60k	£60k- £80k	£80k- £100k	£100k- £200k	£200k- £300k	£300k- £500k	£500k- £1m	£1m- £2m	£2m+
% of estate	0	0	0	6	14	21	28	20	12	8	4	2	1.5
£Revenue by band	0	0	0	17062.5	39787.5	213825	351450	2444430	1643850	983580	438460	121350	43290

Total Revenue £6,297,085,000

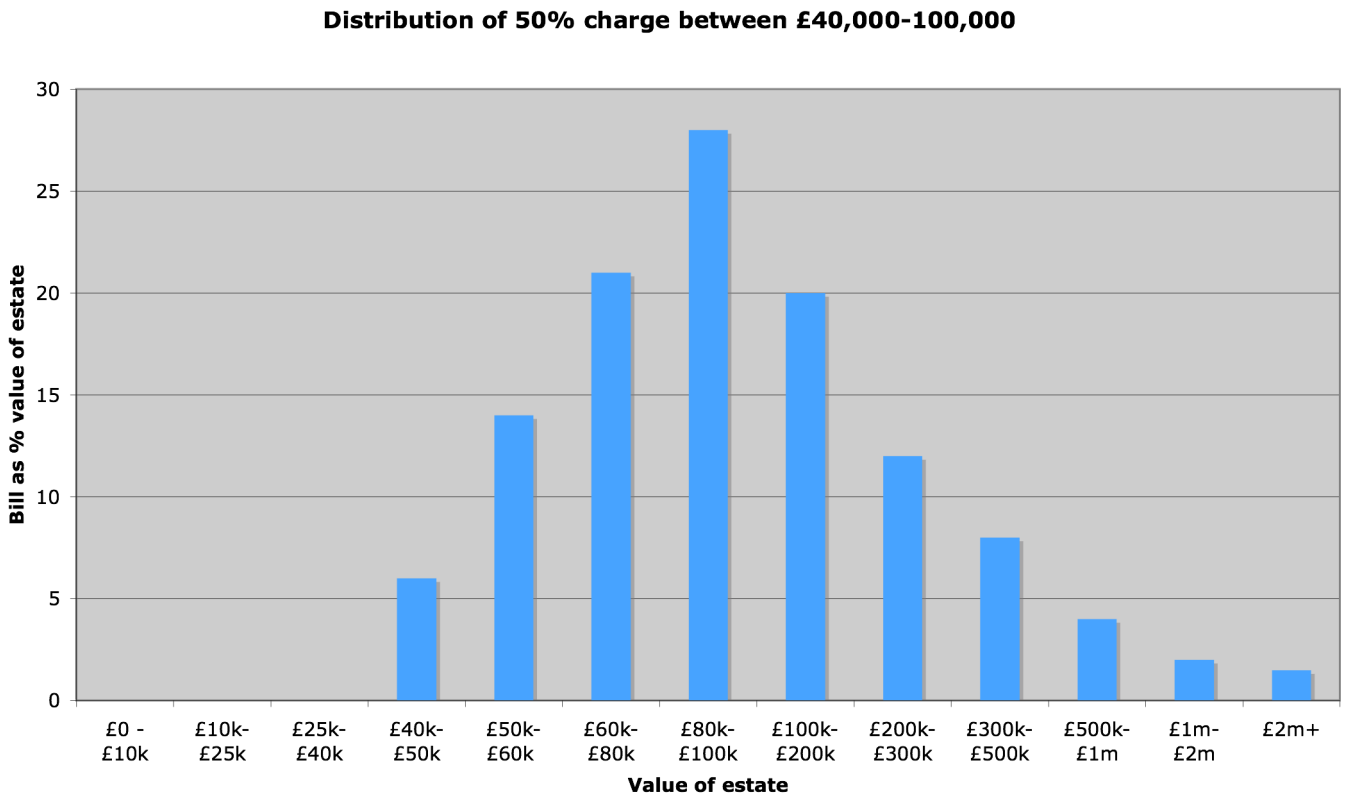


Table 10: Split Charge: 100% of £40,000-£60,000 + 50% of £60,000-£80,000

Net Capital Value	£0 - £10k	£10k-£25k	£25k-£40k	£40k-£50k	£50k-£60k	£60k-£80k	£80k-£100k	£100k-£200k	£200k-£300k	£300k-£500k	£500k-£1m	£1m-£2m	£2m+
% of estate	0	0	0	11	27	36	33	20	12	7.5	4	2	1.5
£Revenue by band	0	0	0	34,125	79575	356375	421740	2444430	1646850	983580	438450	121350	43290

Total Revenue £6,570,065,000

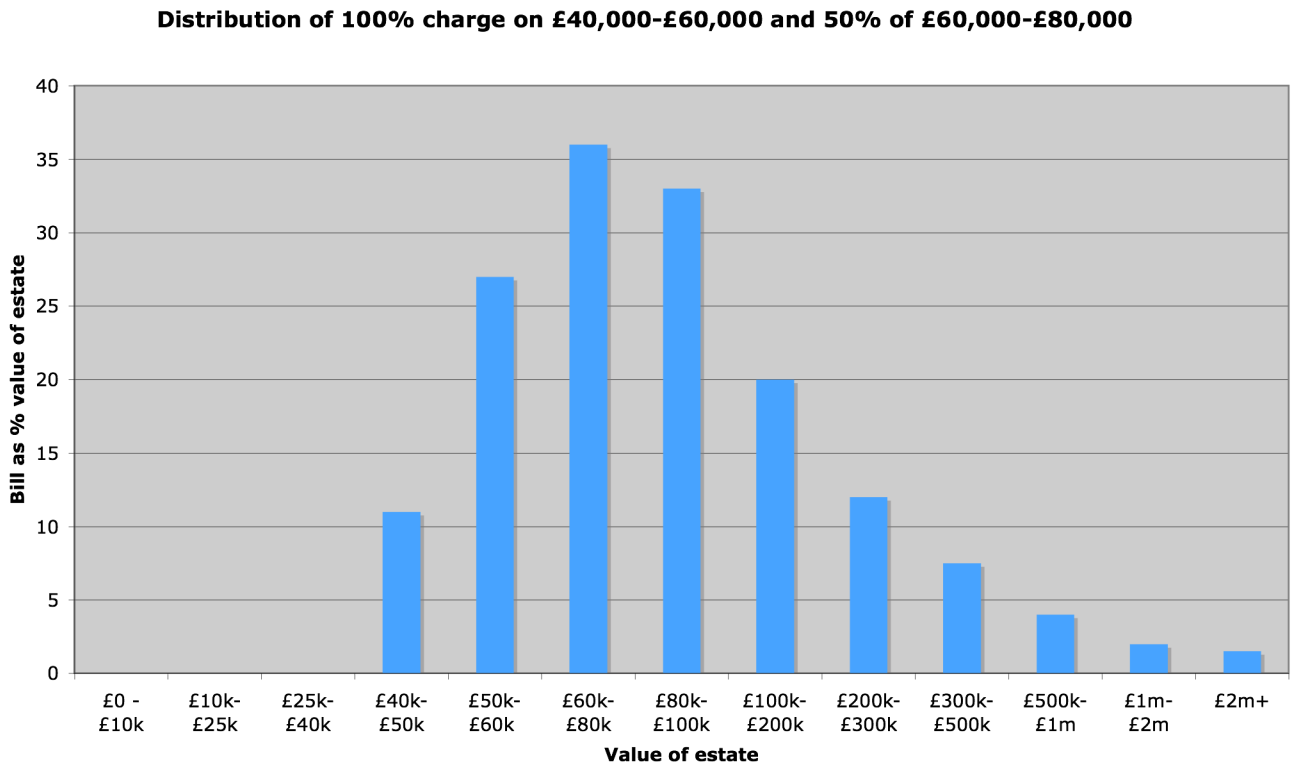


Table 11: Split Charge: 100% of £40,000-£50,000 and £70,000-£80,000

Net Capital Value	£0 - £10k	£10k-£25k	£25k-£40k	£40k-£50k	£50k-£60k	£60k-£80k	£80k-£100k	£100k-£200k	£200k-£300k	£300k-£500k	£500k-£1m	£1m-£2m	£2m+
% of estate	0	0	0	11	18	14	22	13	8	5	3	1.3	<1
£Revenue by band	0	0	0	34,125	53,050	142,550	281,160	1629620	1095900	655720	292300	80900	28860

Total Revenue £4,294,185,000

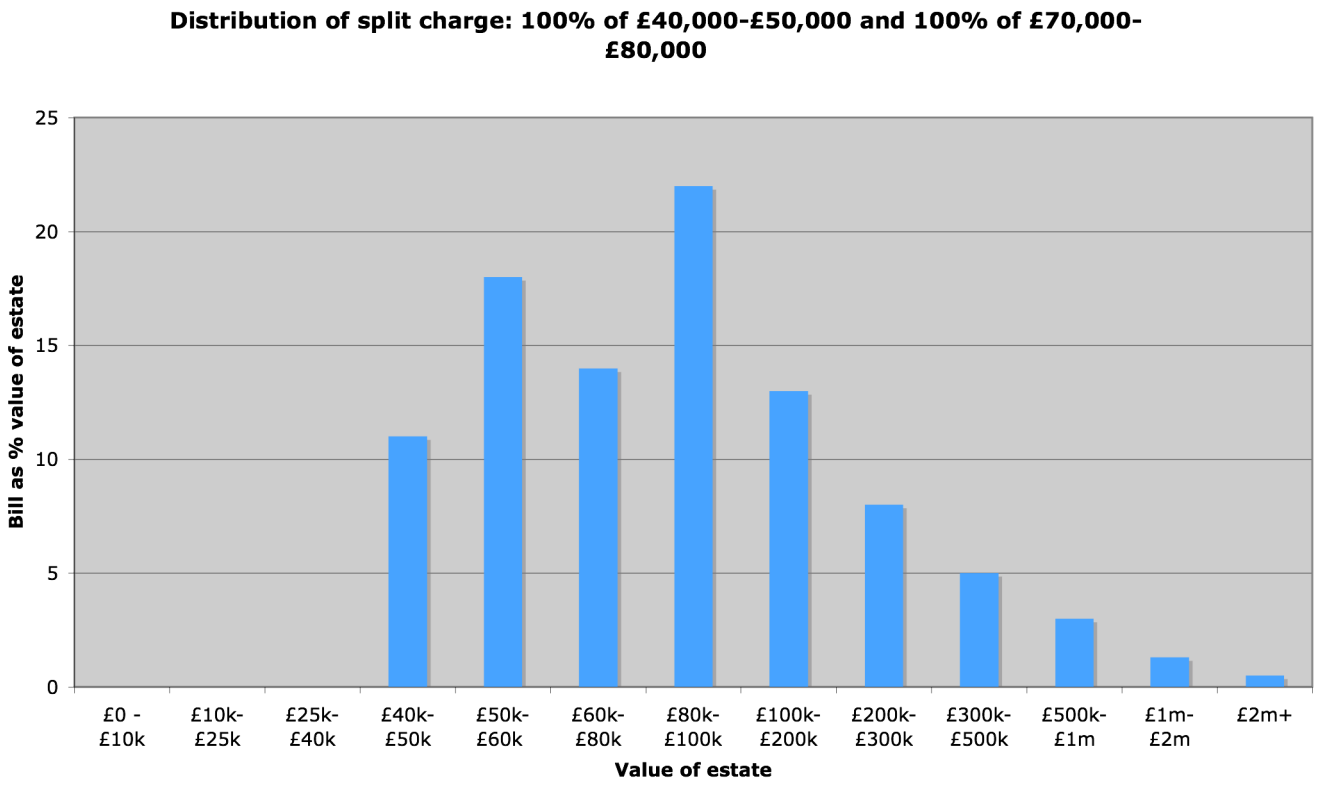


Table 12: £20,000 charge at £40,000 threshold with a 20% cap

Net Capital Value	£0 - £10k	£10k-£25k	£25k-£40k	£40k-£50k	£50k-£60k	£60k-£80k	£80k-£100k	£100k-£200k	£200k-£300k	£300k-£500k	£500k-£1m	£1m-£2m	£2m+
% of estate	0	0	0	11	20	20	20	13	8	5	3	1.3	0.5
£Revenue by band (k)	0	0	0	34,125	58,355	199,570	253044	1629620	1095900	655720	292300	80900	28860

Total Revenue £ 4,328,394,000

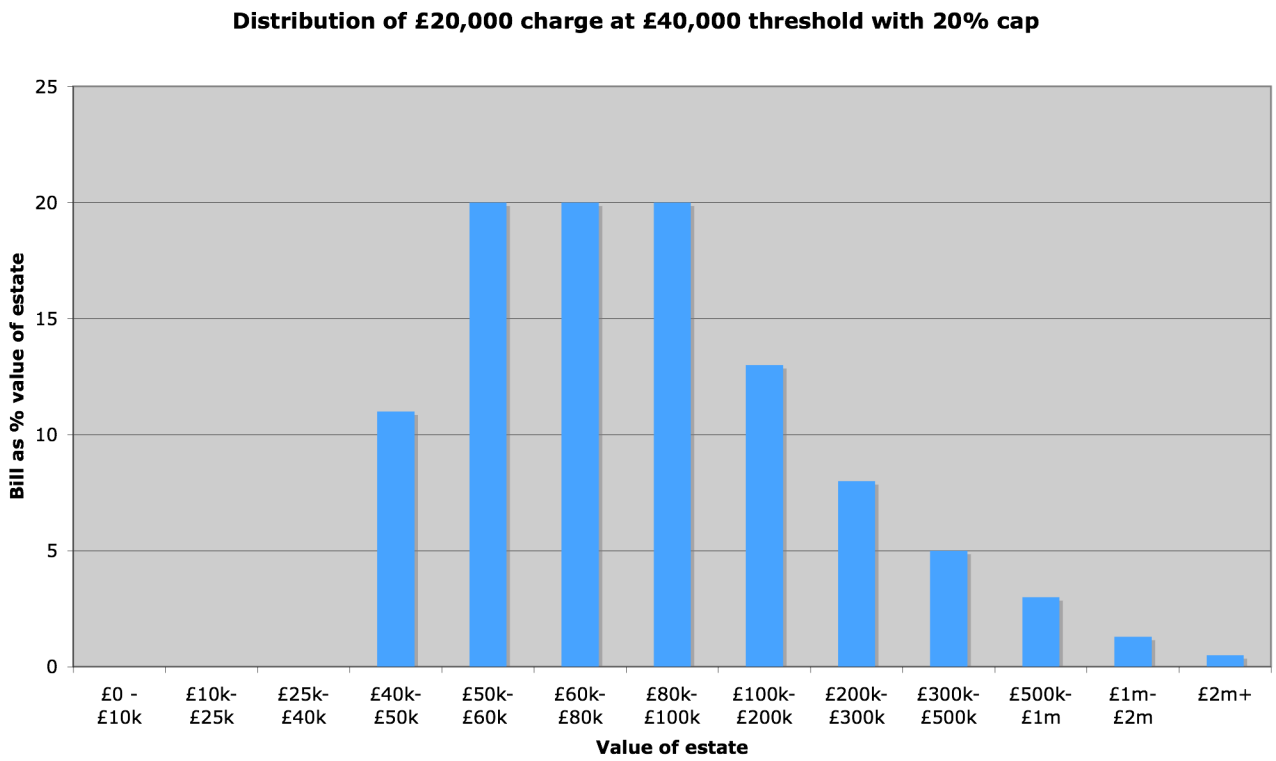
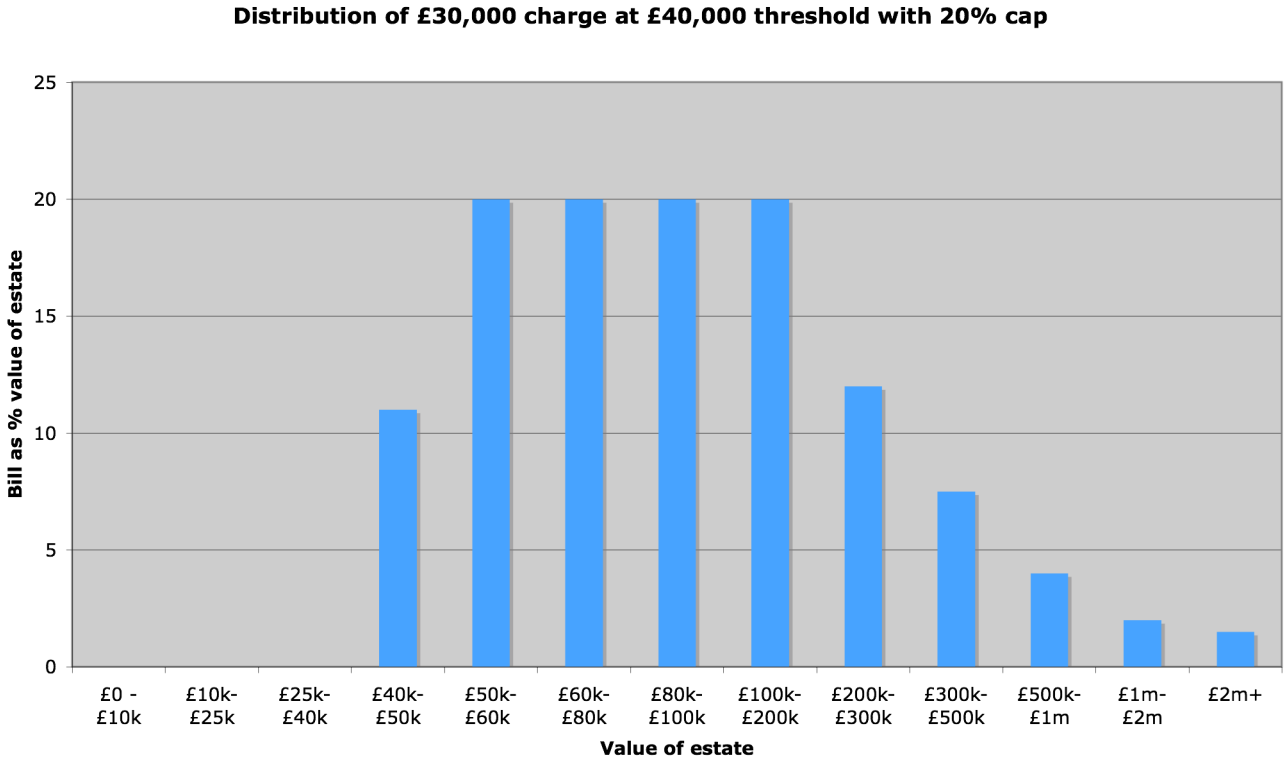


Table 13: £30,000 charge at £40,000 threshold with a 20% cap

Net Capital Value	£0 - £10k	£10k-£25k	£25k-£40k	£40k-£50k	£50k-£60k	£60k-£80k	£80k-£100k	£100k-£200k	£200k-£300k	£300k-£500k	£500k-£1m	£1m-£2m	£2m+
% of estate	0	0	0	11	20	20	20	20	12	7.5	4	2	1.5
£Revenue by band	0	0	0	34125	58,355	199,570	253044	2444430	1646850	983580	438450	121350	43290

Total Revenue £6,023,044,000



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