

Office of Tax Simplification Inheritance Tax Review
Response to the call for evidence by the Charity Tax Group

8 June 2018

About the Charity Tax Group

1. The Charity Tax Group (CTG) has over 600 members of all sizes representing all types of charitable activity. It was set up in 1982 to make representations to Government on charity taxation and it has since become the leading voice for the sector on this issue.
2. CTG welcomes the opportunity to respond to this consultation and would be happy to meet officials to discuss our answers in greater detail.

Charity IHT relief

3. If a person gives to charity in their will or during their lifetime, this is exempt from IHT. Additionally, since 2012, if 10% or more of a person's net estate is given to charity in their will, IHT may be payable on the whole estate at a lower rate of 36%.
4. The call for evidence asks how well the charitable exemption and the lower rate of tax on death is understood by advisers or the public. Feedback that CTG has received indicates that this is a helpful giving incentive which provides a useful choice for donors wishing to support charities in their will. It is also a helpful way for donors to be introduced to discussions about wider charitable giving including legacies. The 2018 NCVO Civil Society Almanac highlights that charities receive £3.1 billion a year in legacy income making it a crucial income generator for charities of all sizes. As a result, CTG believes that any attempts to simplify IHT or the charity relief should involve further consultation with charities, donors and advisers to ensure that there are no unintended consequences or impacts on legacies.
5. [Research produced for HMRC](#) has highlighted a lack of awareness of the relief. Improved communications about the relief will be helpful as it can appear to be complex when first discussed and something that would only be relevant to wealthier donors. Clearly this is not necessarily the case, so educating donors and helping advisers to promote the relief will be an important step towards maximising the value of the relief.
6. It will of course also be for advisers to decide whether to promote the scheme to potential donors. However, it has been encouraging to see the benefits of promotion work that has been started by organisations such as Remember a Charity, in collaboration with Government, to encourage 8,000 solicitors to make will-writing clients aware of the option of including a charitable gift in their will.
7. CTG has been supportive of the [Living Legacies campaign](#) which calls for changes to the tax system to encourage and incentivise donors to make substantial tax-effective gifts of assets and cash to charity during their lifetime.

CTG
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The voice of charities on Tax

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