

DEMOS

THE INHERITANCE TAX PUZZLE

CHALLENGING ASSUMPTIONS
ABOUT PUBLIC ATTITUDES TO
INHERITANCE

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JUNE 2023

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This project was supported by the abrdn Financial Fairness Trust



Published by Demos June 2023
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ACKNOWLEDGEMENTS

We would like to thank the abdrn Financial Fairness Trust for their generous support for this programme. In particular, thanks to Mubin Haq for his valuable insights and enthusiasm throughout.

We would also like to thank many of our colleagues at Demos for their support. In particular, thanks to Lucy Bush, Andrew O'Brien, Polly Curtis, Felix Arbenz-Caines, Courtney Stephenson, and Stephen Walcott.

Any errors remain the authors' responsibility.

Dan Goss and Ben Glover
June 2023

ABOUT THE UNLOCKING INHERITANCE PROGRAMME AT DEMOS

As the value of inheritances in the UK has doubled in recent decades and continues to increase, Demos is undertaking a new programme of work to explore what the UK's 'new age of inheritance' means for the country. This programme is supported by the abdrn Financial Fairness Trust.

As part of this programme we will be publishing a series of briefing papers on this issue, conducting new research on public attitudes towards inheritance and convening a series of events.

We'd love to hear from you with any questions or thoughts about our work. If you would like to get in touch, please email Dan Goss at dan.goss@demos.co.uk.

EXECUTIVE SUMMARY

Over £100 billion is passed on in inheritances and gifts in the UK each year, and the value passed on in inheritance in England is set to double by 2040. Despite this, it is not widely discussed in policy conversations, unless the policy is to abolish inheritance tax. Policymakers are hesitant to push for reform of inheritance policy because there is a sense that the public are strongly opposed to inheritance tax, and therefore to any government involvement with inheritance. Recent reports that the Prime Minister is considering cutting inheritance tax as a 'pre-election giveaway' reflect this.

Yet, Demos's new UK survey reveals a much more complex picture. While the public do initially express opposition to taxing inheritances, when presented with specific inheritances - such as certain amounts of money or types of asset - the public are much more supportive of taxes. Certain ways of framing inheritances - even if there are no substantive differences in the inheritance at all - can also generate more public support for taxes. Equally, public attitudes are associated, and perhaps rely upon, a system of values and beliefs which are open to challenge. Our report explores these many complexities, and in doing so, provides a starting point for more nuanced policy discussions. We think this could move us beyond the overly simplistic debate that has dominated thus far.

We surveyed a representative sample of over 2,000 people across the UK - the most in-depth survey to date on attitudes to specific inheritances and how people explain their views. We asked them not just about their views on inheritance in general, but about inheritance of different amounts and different types of assets, inheritance given by and to different people, and inequalities in inheritance. It also asked people to explain their support for or scepticism about inheritance being tax-free, and to expand on their reasoning. It related all of this to people's wider experiences, expectations, and aspirations for inheritance, their views of the role inheritance plays in society, and of adjacent issues around taxation and government spending.

KEY FINDINGS

The survey reveals four key complexities within attitudes to inheritance:

- 1. While there are high levels of public opposition to taxing inheritance in a general sense, there are high levels of support for taxing inheritance when specific inheritances are mentioned.** While 55% of people say inheritance should always be completely tax-free, a significant majority then say inheritance should be taxed in some instances if made up of higher amounts of money, second homes, or financial assets, if given by people who acquired their wealth in other ways than work, or if given to people who have high income, wealth, or previous inheritance. For example, **the median response for where the tax-free threshold should be (excluding the 4% who said 'don't know') is at around £300,000**, which is close to the current minimum threshold (£325,000), but much lower than the threshold at which estates generally start paying tax (£1 million). **Just 21% of people say all inheritances should be tax free, regardless of the amount, while 75% say some amounts should be taxed.** For inheritance of a secondary home that has doubled in value since purchase, **eight in ten people think it should be taxed in some instances, and half**

think it should be in most instances. The current perception that the majority of people have an absolutist aversion to inheritance in all cases means policymakers are cautious about discussing these issues or committing time to reform. Our survey shows that people take this absolutist stance when discussing inheritance in a general sense, but that very few people take this stance when thinking about specific inheritances.

- 2. There is support for taxing inheritance when people are presented with certain framings, even if there is no substantive difference in the type of inheritance.** The public are more in favour of taxing inheritance when: (1) they are presented with a specific inheritance, rather than asked about inheritance in general; (2) the inheritance hasn't been built up through work; (3) the inheritance is framed in terms of who the inheritance is given by, rather than framed in terms of who it is given to.
- 3. People explain their views on inheritance in terms of rights and principles, but these reasons are part of wider belief systems that are open to challenge.** Six in ten people defend tax-free inheritance on the basis that the inheritance-giver has a right to use their wealth as they wish upon death. Of those who take this view, **almost three quarters justify it by expressing concerns about double taxation**, as well as the abuse of individual liberties and privacy. These concerns can be applied to all inheritances, which could make it hard for policymakers to avoid them. Yet, these concerns are associated with - and may rest upon - a wider set of beliefs about society which themselves could be challenged. People are more likely to defend the rights of the inheritance-giver if they think wealth is mainly acquired through work, that the tax system is too complicated, that inheritance tax is hard to understand and that inheritance tax brings in a significant proportion of government funds.
- 4. People's attitudes to taxing inheritance are aligned with their economic self-interest, but this is only expressed when people are presented with specific amounts of inheritance.** Currently there is a perception that people's attitudes to taxing inheritance are not aligned with their economic self-interest, with previous research suggesting those least likely to be affected by inheritance tax being at least as if not more opposed to the tax. This plays a part in locking in the debate, as it means policymakers cannot design policies on the basis of maximising economic self-interest and expect to garner public support. Corroborating this, we find that the less people expect to give and receive in inheritance and the lower their income, the more likely they are to say inheritance should always be tax-free. Yet, we find a different story when people are presented with amounts of inheritance. In contrast to previous understanding, we find that the less people expect to give and receive in inheritance and the lower their income, the lower they think the threshold should be. For example, **those expecting to give over £200,000 in inheritance typically think** (the median response, excluding those who responded 'don't know') **that the threshold should be 10 times higher** than those expecting to give between £1,000 and £5,000 (£500,000 vs £50,000). Equally, homeowners typically think **the threshold should be five times higher than renters (£500,000 vs £100,000).**

POLICY IMPLICATIONS

These findings have a range of implications for policymakers looking to reform or develop new policy on inheritance, including that:

- 1.** Policymakers cannot confidently assume that cutting inheritance tax is an easy vote-winner. It will not provide the "electoral slam dunk" that some anticipate. If the public engages with the fact that, under current thresholds, inheritance tax is only generally charged on inheritances if they are worth over £1 million, and affects no inheritances worth under £325,000, they may be much less supportive of cuts than previous research would suggest.
- 2.** New policy interventions on inheritance are likely to garner more public support if targeting: 1) higher amounts of inheritance, 2) secondary homes and financial assets, 3) inheritances given by people who acquired their wealth in other ways than work, or 4) those given to people who have high income, wealth, or previous inheritance. Policymakers looking to gain public support for interventions into inheritance should also be mindful of the frames they use when discussing inheritance, particularly in relation to whether inheritance is discussed in general or whether

specific instances of inheritance are considered.

3. Policymakers and researchers should work to better understand and engage with the wider system of thinking that drives concerns about inheritance tax. If, for example, policymakers can effectively challenge the view that wealth is generally acquired through work, that inheritance tax collects a lot of money from people's inheritances, and that government spending is not particularly effective, this may help mitigate public concerns about inheritance policies. Designing policies that have a simple rationale - communicated in simple terms so as not to be seen as contributing to tax system complexity - may also help mitigate concerns.
4. Policymakers can appeal to people's economic self-interest around inheritance - the idea that those expecting to give and receive low amounts of inheritance will benefit economically from their proposed reforms - but to do so they must be explicit about the amounts of inheritance they are discussing.

In conclusion, public attitudes to inheritance are more complex than the current debate in politics suggests. Policymakers need to increase their engagement with the public on this issue, and this requires nuanced policy discussions.

By revealing the complexities, our survey provides a starting point for these discussions. Through 2023, we at Demos will be undertaking further research to untangle those complexities. This will involve an analysis of different attitudinal groups that appear in the survey – determined using a cluster analysis - and research looking at how these groups articulate their belief systems in focus groups. This will further equip policymakers and commentators with the tools they need to advance the debate on inheritance in the UK.

INTRODUCTION

A debate around wealth is growing in the UK. In discussions around homeownership, pensions, debt, social mobility or financial insecurity, questions about how much wealth people have, and how it is distributed across society, are central. Inheritance and gift-giving are a critical part of that story. Through these transfers, wealth is passed down through generations to the friends and family of those who have accumulated it.

These transfers are playing an increasingly important role in the economic dynamics of the UK - and it is creating policy challenges. Previous Demos research has found that the value of inheritance passed on in the UK each year has been growing rapidly, meaning people's living standards are evermore determined by the size of the inheritance they receive over their lifetime, relative to earnings.¹ But this transfer of wealth will be distributed highly unequally, and is expected to entrench divides between people of different classes, ethnicities, regions and educational backgrounds. The 'will-haves' (those receiving large inheritances) will be gifted with more upward social mobility, financial security, access to homeownership, educational opportunities and money to invest. The 'won't haves' (those getting little or no inheritance), in contrast, will miss out or only benefit in a marginal way. As the government seeks to level up the UK and improve individuals' financial security, the UK's inheritance landscape is therefore an important factor.

Given that inheritances and gifts are worth more than £100 billion each year in the UK, and the value of inheritances in England is set to double by 2040, this should be an important consideration in the government's thinking. In the face of the rising cost of living, stagnant wages, labour shortages and strained public finances, the UK government is looking at various policy levers to tackle these issues, from huge spending on support for households to increased taxes. Given that over £100 billion is passed on in inheritances and gifts in the UK each year, and the value passed on in inheritance in England is set to double by 2040, this should be an important consideration in the government's thinking. It will increasingly impact people's ability to deal with rising costs, affect their behaviour in labour markets and enable home ownership - and can contribute to public revenues via taxes.

Yet, what we are calling the UK's new age of inheritance does not yet feature widely in policy conversations. This is not because there are no ideas about how to address the challenges that inheritance creates, or how to use inheritance to help tackle wider economic problems. Instead, we think policymakers are cautious about discussing inheritance in part because of the challenges in navigating the deeply held public attitudes.

Inheritance is a deeply personal thing for some people. For those who pass on inheritance, it can represent part of their legacy after death and a valued connection between them and their family. For those who receive inheritance, it can transform their economic behaviour and financial fortunes. In this context, many in the UK public put huge importance on people's right to distribute inheritance how they wish, and many are greatly opposed to inheritance tax. Policymakers often assume therefore that, unless they are making the case to end inheritance tax, they shouldn't engage with inheritance policy.

This is reflected in recent announcements that the Prime Minister is considering cutting inheritance tax before the next general election, as a 'pre-election giveaway'.² Based on the idea that inheritance tax

¹ Goss D and Glover B, *A New Age of Inheritance: What does it mean for the UK?*, Demos, 23 January 2023, <https://demos.co.uk/research/a-new-age-of-inheritance-what-does-it-mean-for-the-uk/>

² Forrest A, 'Rishi Sunak 'considers inheritance tax cut' ahead of general election', *The Independent*, 16 April 2023, <https://www.independent.co.uk/news/uk/politics/inheritance-tax-tories-sunak-election-b2320620.html>

is particularly unpopular, there is a sense this policy is an easy vote-winner. There is little recognition, meanwhile, of the need to develop new policies to adapt to the changing inheritance landscape. The conversation is then reduced to an overly simplistic model based on a few key assumptions.

We at Demos want to unlock that conversation - to open it up to new reforms and new avenues of discussion. To do this, we first need to understand what people feel about inheritance beyond just people's views in a general sense. This will highlight which reforms to inheritance policy could garner the most public support. Yet, we also need to understand why the public feel the way they do. People's views on such a complex issue as inheritance are determined by an equally complex set of experiences, beliefs and values, interacting with each other in often contradictory ways. Our paper aims to uncover how that belief system works - and in doing so, it challenges some of the assumptions about how the public think. This will enable policymakers, researchers and organisations to better engage in a national discussion around inheritance, and more effectively drive reform.

To do this, we surveyed a nationally representative sample of 2,037 members of the public from the 20th to 29th December 2022. We asked people about attitudes to inheritance specifically passed down generations - as opposed to, for example, between spouses - as this has the biggest impact on factors like social mobility and housing tenure. Respondents were asked a set of questions designed to uncover the many different ways they may think about these inheritances, and how these interact. It asked people not just about their views on inheritance in general, but about inheritance of different amounts and different types of asset, inheritance given by and to different people, and inequalities in inheritance. It asked people to explain their support for, or scepticism about, inheritance being tax-free, and to expand on their reasoning. It related all this to people's wider experiences, expectations and aspirations for inheritance, as well as their views both of the role inheritance plays in society and of adjacent issues around taxation and government spending.

Our research shows that people's views are in fact much more complex than they might initially seem. We find that:

- While people express adamant opposition to taxing inheritance when asked about inheritance in general, they are much more supportive of taxing inheritances of higher cash value or those containing secondary homes. This implies people have absolutist principles about inheritance in a general sense, but they don't always apply these when confronted with particular cases.
- People expecting to give and receive the least inheritance are often those who express the greatest opposition to taxing inheritance. Yet, this changes when people are asked to consider specific amounts of inheritance. The less people expect to give and receive in inheritance, the lower the amount they think people should be able to pass on tax-free. This implies that, while people's response to inheritance in general does not tend to be driven by financial self-interest, people are more financially self-interested when presented with specific amounts or types of assets.
- When asked to justify their opposition to government intervention in inheritance, people primarily point to individual rights and personal freedoms, and give less consideration to inequalities, fairness, or particular features of the inheritance or society. However, people who take this position also tend to think that wealth is acquired mainly through work, that the tax system is too complex, that inheritance tax is hard to understand, and that inheritance tax raises significant revenue. This implies that, while people justify their attitudes to inheritance with seemingly rigid principles - which may be hard to challenge - these attitudes are associated with a wider belief system, which could provide new opportunities for debate.

These findings have implications for how policy around inheritance should be designed, targeted and communicated such that the UK public are supportive. We think these insights open a space for new debate around how, as we enter a new age of inheritance, we can bring inheritance back into policy conversations, while bringing the public along with us.

Before we explore people's political attitudes to inheritance (about the extent to which the government should intervene), it is useful to understand the context in which these attitudes are formed. We therefore begin by outlining what people's experience, expectations, and aspirations around inheritance are, and how they understand the role of inheritance in society. We then look at how these, and other factors, shape people's wider system of thought around inheritance.

SECTION 1

EXPERIENCES AND

UNDERSTANDING

OF INHERITANCE

An important context to people's attitudes to inheritance is their experience of it, and their understanding of the role inheritance plays in society.

People's experiences of inheritance can have a significant impact on their lives and provide a perspective on how they themselves would be affected by inheritance policy. People's expectations for inheritance also determine how they expect to be impacted, while their aspirations for inheritance are indicative of how they would like to be impacted.

People also have an understanding of the role inheritance plays for others in society, such as how much others inherit, how many have their inheritance taxed, and how that contributes to government funding. These perspectives are a lens through which people think about inheritance policy, both in terms of how it currently works and the impact that reforms could have.

This section outlines this context, explaining what this experience and understanding of inheritance looks like for people in the UK.

1.1 WHAT ARE PEOPLE'S EXPERIENCES AND EXPECTATIONS OF INHERITANCE?

Receiving an inheritance after the death of a family member or friend, or planning to bequeath an inheritance after your own death, are often deeply personal experiences, stirring all sorts of emotions and reactions. We find that many people have had such experiences, especially when including those who have experienced gifts. The vast majority also expect to receive an inheritance at some point in their life and expect to give one to others when they die.

1.1.1 Receiving inheritance

Almost half of people have received inheritance, typically receiving between £25,000 and £50,000

Our polling shows that just under half of the population have already received an inheritance (46%, excluding the 2% who responded 'don't know'). Of those who have received an inheritance, a wide range of amounts have been received. While the median amount received (excluding the 3% who responded 'don't know') was between £25,000-£50,000, the top quarter of people all received over £100,000, and the bottom quarter all received under £10,000. A very small proportion received over

£1 million (3%) or under £100 (1%), but those in the former group likely still constitute around a third of the total value of all inheritances.³

With the median disposable household income in the UK at £32,300 in 2021/22, these inheritances generally represent very significant amounts in people's lives, often doubling or tripling their disposable income in a given year.⁴ As previous Demos research has shown, the amount people will get is also expected to increase rapidly in coming decades. A typical (median) UK household led by people born in the 1980s is expected to inherit an amount worth eight years of annual income. In contrast, a typical household led by those born in the 1960s is expected to inherit an amount worth four years of their average annual earnings. The importance of inheritance therefore looks set to continue growing.

When counting gifts, only a third of people (excluding 'don't knows') have never received an intergenerational wealth transfer

When asked how much people have received in gifts, a slight majority (54%, excluding the 9% who responded don't know) report receiving at least one gift over £500. And even of people who have never received any inheritance, 43% report receiving a gift. This means only 31% of people have never received any intergenerational wealth transfers (either inheritance or gift).

Of those who have received gifts, the median amount (excluding 'don't knows') was between £5,000 and £10,000, while a quarter of people received at least £10,000 and a quarter received under £2,000. However, given the value of high gifts some people have received, the 6% who have received the most have likely received around 60% of the total amount.⁵

80% of people expect to receive an inheritance over £100 through their life (excluding 'don't knows')

Previous research by the Institute for Fiscal Studies (IFS) has shown that expectations of receiving inheritance can significantly impact behaviour. Inheritors-to-be tend to spend more (and therefore save less) than those who do not expect to receive one, particularly if they are confident in their expectations and have savings to spend.⁶ It is therefore important that, of those who responded with an amount, eight in every ten people expect to receive an inheritance worth over £100. A typical person (excluding 'don't knows') expects to receive £25,000-£50,000 – meaning they could, for example, significantly reduce the amount they save for retirement in anticipation of getting this windfall. The upper quartile of respondents all expect to get over £100,000, while the lower quartile all expect under £5,000, giving them little ability to change their spending habits prior to receiving it.

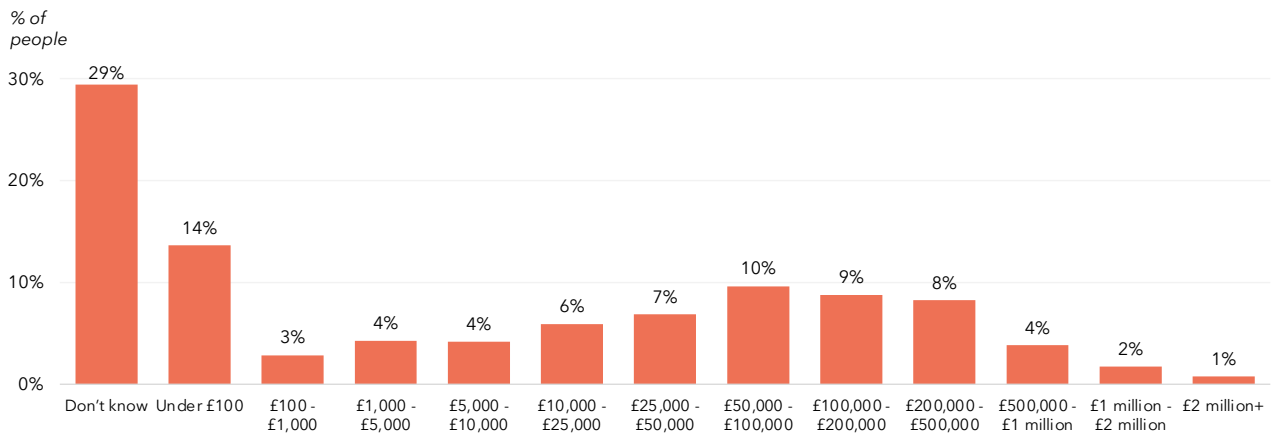
3 Assuming the mean inheritance received in each range is the median value in the range, and assuming inheritances worth '£2 million+' are worth exactly £2 million, the 3.1% who received gifts of £1 million - £2 million or £2 million+ received 35% of the total value of all inheritances.

4 ONS, Average household income, UK: financial year ending 2022, 25 January 2023, <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2022>

5 Assuming the mean gifts received in each range is the median value in the range, and assuming all gifts worth 'over £500,000' are worth exactly £500,000, the 5.3% who received gifts of £100,000 to £250,000, £250,000 to £500,000, or of £500,000 plus received 61% of the total value of all gifts.

6 Bourquin P, Joyce R and Sturrock D, Inheritances and inequality over the life cycle: what will they mean for younger generations?, Institute for Fiscal Studies, 26 April 2021, https://ifs.org.uk/sites/default/files/output_url_files/R188-Inheritances-and-inequality-over-the-lifecycle%252520%2525281%252529.pdf

FIGURE 1
AMOUNTS OF INHERITANCE EXPECTED TO BE RECEIVED



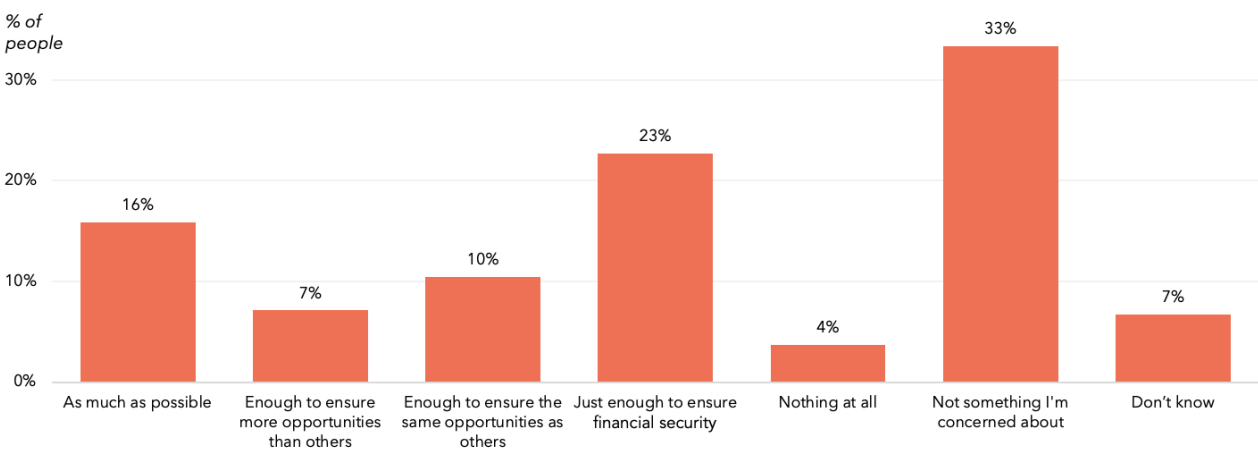
Q31 How much inheritance do you expect to receive from older generations throughout your life, including what you've already received? Select the estimated value. Base, all respondents (n=2,037)

Importantly though, around three in ten of people say they don't know how much they will receive, which makes it less likely that those people will change their behaviour based on their expectations. The IFS research showed that uncertainty about how much they'll receive is an important barrier preventing people from spending more in anticipation of receiving inheritance.

A third of people say they are not concerned about how much they will inherit

Previous research suggests that, while people in the UK do not think they need unlimited wealth to lead their ideal life, they generally would like several million pounds.⁷ Yet, when asked about how much they want to receive in inheritance, people say they do not generally want large amounts, with a third of people saying they are not concerned with how much they get, 4% wanting nothing at all and 24% wanting 'just enough to ensure financial security' (although this could be interpreted as within a wide range). Only 16% say they want as much as possible, and only 7% saying they want enough inheritance to ensure they have more opportunities than others.

FIGURE 2
HOW MUCH INHERITANCE PEOPLE WANT TO RECEIVE



Q33 Which of the following statements about giving inheritance to younger generations do you most agree with? [In the form e.g. "I want to give as much as possible"] Base, all respondents (n=2,037)

7 Neate R, 'How much money is needed for ideal life? Most are OK with £8m, study finds', The Guardian, 16 June 2022, <https://www.theguardian.com/science/2022/jun/16/how-much-money-is-needed-for-ideal-life-study>

So, while people would ideally like to have a significant amount of wealth, many are not so concerned about inheriting large amounts. This suggests that some people may have issues with acquiring wealth specifically via inheritance, as opposed to via other ways such as work or investment.

1.1.2 Passing on inheritance

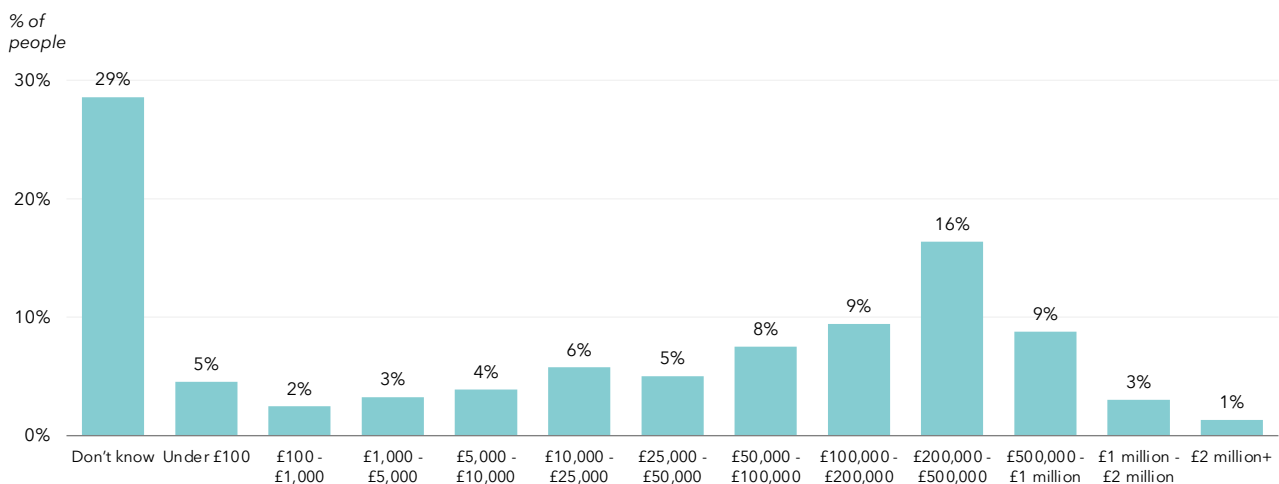
Unlike receiving inheritance, passing on inheritance is not something that one experiences personally given that it takes place after one's death. People are therefore not affected by the act of passing on inheritance itself, but instead by what they expect and aspire to pass on, and the difference between these.

People expect to pass on significantly more than they expect to receive

Of those who responded with an amount, the median inheritance people expect to pass on is £100,000 - £200,000. Just 7% expect to pass on under £100 in inheritance and just 10% expect to pass on under £1,000. The majority of people who respond with an amount therefore have a relatively significant stake in how much they will pass on. As with expectations for receiving inheritance, however, almost three in ten people do not know how much they will pass on. It is unclear the extent to which this group has higher uncertainty about their bequests or are just more cautious about choosing a particular amount. It is perhaps also surprising that this figure is not higher, given the many uncertainties around our future employment, future shifts in the value of our assets, living costs and the need for social care.

Beyond inheritance, we find that 64% of people (excluding 'don't knows') also expect to give a gift. Of these, the most common expectation is that their gift will help to pay for a house (42%) but we also see just under a third saying they expect to pay for a wedding (31%), a car (29%) or money to be financially secure (28%).

FIGURE 3
AMOUNTS OF INHERITANCE EXPECTED TO PASS ON

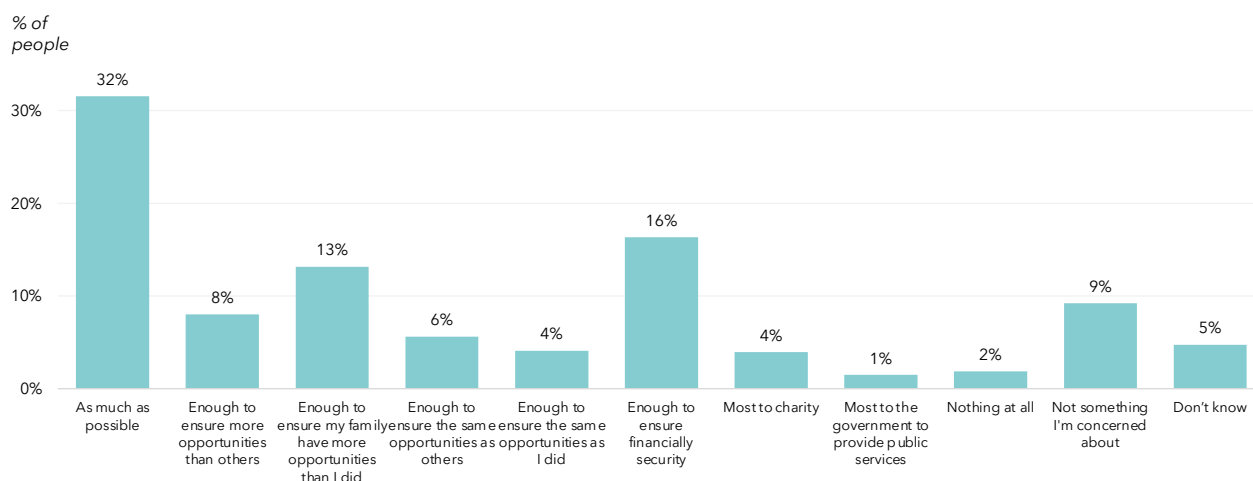


Q29 How much inheritance do you expect to give to younger generations (e.g. children or grandchildren) when you die? Select the estimated value.
Base, all respondents (n=2,037)

People aspire to give much more than people aspire to receive

As shown in Fig. 4, a third of people want to pass on as much inheritance as possible (twice as many as the proportion who want to receive as much as possible). Another 8% want to give enough to ensure 'more opportunities than others', and 13% to ensure 'more opportunities than I had'. Only 9% of people are not concerned about how much they pass on, much less than the 33% who say they are not concerned about how much they receive.

FIGURE 4
HOW MUCH INHERITANCE PEOPLE WANT TO PASS ON



Q33 Which of the following statements about giving inheritance to younger generations do you most agree with? [In the form e.g. "I want to give as much as possible"]. Base, all respondents (n=2,037)

This suggests that people's desire to give lots of inheritance often does not result from their friends and family explicitly wanting to receive lots of inheritance. It may be that either 1) people do in fact want to receive lots of inheritance, but do not explicitly state this; 2) there is a misperception among people that their friends and family do want lots of inheritance; 3) the desire to give lots of inheritance is driven by something other than wanting to fulfil the desires of friends and family; 4) people overstate how much they care about passing on inheritance.

Section 1.1 Conclusion

The majority of people have some experience or expectations around inheritance. Seven in ten have received either an inheritance or a gift, and nine in ten (excluding 'don't knows') expect to pass on an inheritance worth over £1,000. Many also have experiences or expectations of receiving or giving amounts worth multiple times annual incomes.

This suggests inheritance is highly important in people's lives and society, confirming the need to advance the conversation on reform. It also lays out the context that policymakers working to reform inheritance should keep in mind, namely that inheritance is a personal issue for many, and should be discussed with this in mind.

In terms of what people want in relation to inheritance, people tend to want to give as much as possible or provide more opportunities than others, but tend not to be concerned about how much they receive. This suggests that the importance many people place on inheritance centres around the act of giving inheritance, and that this is often not driven, at least explicitly, by a desire among their friends and family to receive it. It is therefore crucial for policymakers to understand the value people place specifically on giving large amounts of inheritance, and why there is less concern around receiving inheritance.

1.2 WHAT IS PEOPLE'S UNDERSTANDING OF THE INHERITANCE LANDSCAPE IN THE UK?

Beyond personal experience of inheritance, people also have perceptions about the wider role of inheritance in society. This includes perceptions about the impacts that the transfer of inheritance has on society, and the role inheritance tax plays within that. These perceptions may or may not be accurate, but nonetheless can influence people's wider attitudes to inheritance. For example, people's perception of how important inheritance or inheritance tax are in shaping society may affect their view on how important policy reforms are.

This section outlines people's understanding of inheritance in these ways.

1.2.1 Inheritance in society

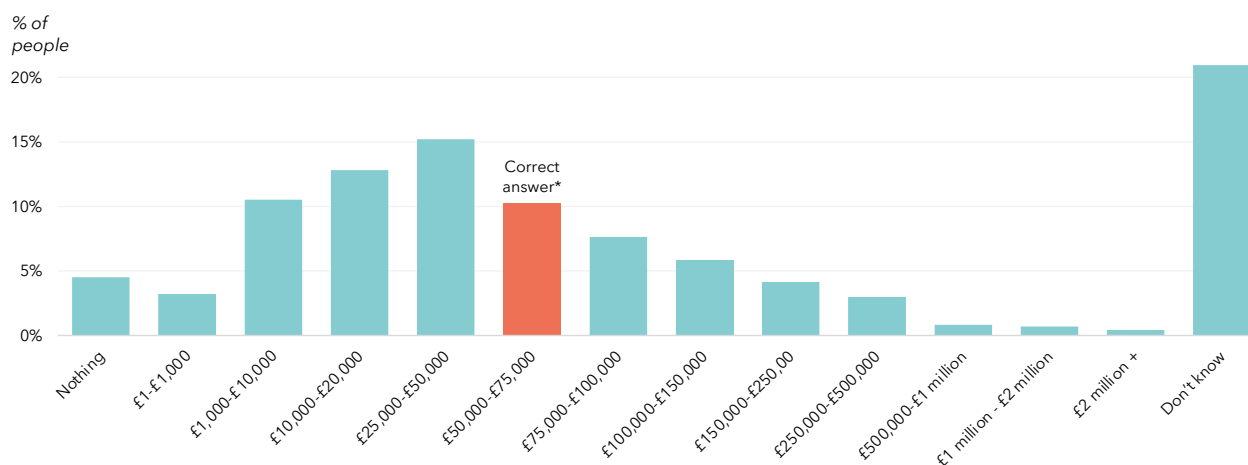
In looking at people's understanding of the role inheritance plays in society, we asked about perceptions of how much inheritance is passed on and how evenly distributed inheritance is. We find that people significantly underestimate both the median amount of inheritance and the inequalities associated with inheritances.

People underestimate the amount that people will inherit through their lives

We asked the survey participants to take all people in the UK currently aged 60, and estimate the median amount they will receive in inheritance throughout their life. As shown in Fig. 5, the median estimate (excluding 'don't knows') was £25,000-£50,000, and 39% of people think the median inheritance is less than £20,000. According to IFS estimates, however, the median 60-year-old person is expected to get around £66,000.^{8,9} People therefore slightly underestimate the amount of inheritance that others in the UK receive.

FIGURE 5

ESTIMATED MEDIAN LIFETIME INHERITANCE OF SOMEONE CURRENTLY IN THEIR 60S



Q39. We want to know how much inheritance people think others get. How much money do you think the average person aged 60 will receive in inheritance from older generations throughout their life? Base, all respondents (n=2,037)

*The IFS estimate that the median lifetime inheritance for all individuals born in the 1960s will be £66,000.

Importantly, also, over 20% of people responded 'don't know', highlighting caution - and perhaps uncertainty - about estimating an amount for this.

⁸ This is the median figure for all individuals born in the 1960s. When the survey was completed, most people aged 60 would be born in 1962. Given that the value of inheritance passed on is increasing over time, we would expect people born later in the decade to inherit more than those born earlier. Therefore, the median for people aged 60 is likely to be slightly lower than £66,000.

⁹ Bourquin P, Joyce R and Sturrock D, Inheritance And Inequality Within Generations, Institute for Fiscal Studies, 22 July 2020, https://ifs.org.uk/sites/default/files/output_url_files/R173-Inheritances-and-inequality-within-generations.pdf

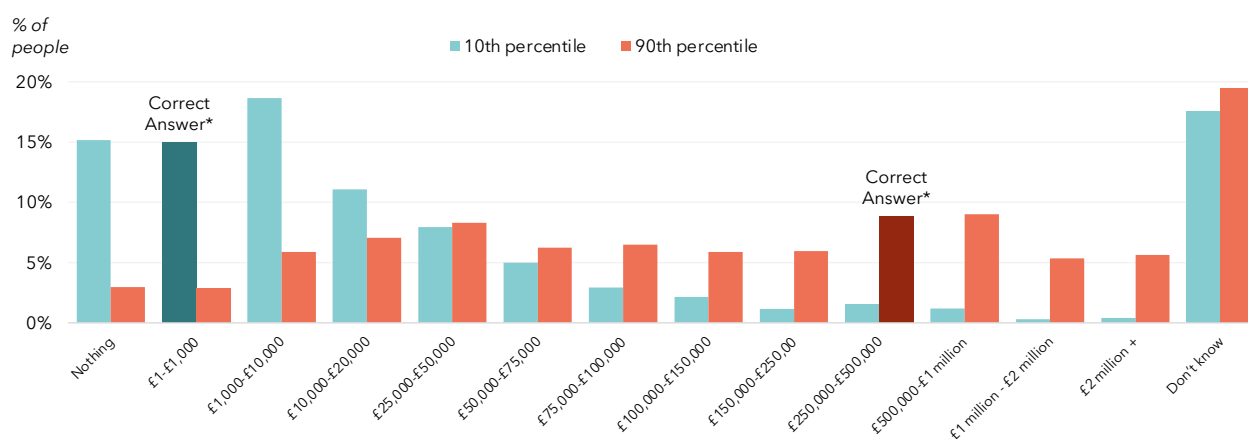
People underestimate the inequality in the distribution of inheritance

We then asked participants to take those people aged 60, but just the 20% who will inherit the most throughout their lives. We asked them to estimate the median amount this group will inherit - an indication of inheritance at the 90th percentile. IFS forecasts suggest someone at the 90th percentile will receive around £269,000.¹⁰ Yet, as shown in Fig. 6, 64% of people in our survey (excluding 'don't knows') say this amount would be under £250,000, and 49% say this amount would be under £100,000.

We then asked the same for the 20% who will inherit the least (an indication of the person at the 10th percentile). IFS' forecast suggests the true figure for this is around £129, but as shown in Fig. 6, 63% of people (excluding 'don't knows') think this figure is over £1,000. Given that people underestimate how much the top inheritors get and overestimate how much the bottom inheritors get, people underestimate the inequalities in inheritance that are forecast for the UK.

FIGURE 6

ESTIMATED LIFETIME INHERITANCE OF PEOPLE CURRENTLY IN THEIR 60S, FOR THE PERSON AT THE 10TH PERCENTILE AND THE 90TH PERCENTILE



Q40/41. We want to know how much people think the top and bottom inheritors get (people who inherit the most and the least in the UK). Of all people aged 60, take the [top/bottom] 20% of inheritors (those who will inherit the [most/least] during their life). How much do you think the average person in this group will receive in inheritance from older generations throughout their life? Base, all respondents (n=2,037)

*The IFS estimate that the 10th and 90th percentile inheritance for all individuals born in the 1960s (aged 62-63 at the time of the survey) will be £129 and £269,000 respectively

Almost 20% of people also responded 'don't know' to each question - again highlighting high levels of uncertainty about estimating an amount for this.

1.2.2 Inheritance tax

Crucial to people's understanding of inheritance are their perceptions about current government policy around inheritance - the most notable part being inheritance tax. This includes perceptions about: how many people are affected by inheritance tax; how much inheritance tax supports government spending; and how much inheritance tax contributes to complexity within the tax system. We find that people overstate the impact of inheritance tax, in terms of how many people have to pay it and its contribution to government funds, and think it is harder to understand than other prominent taxes.

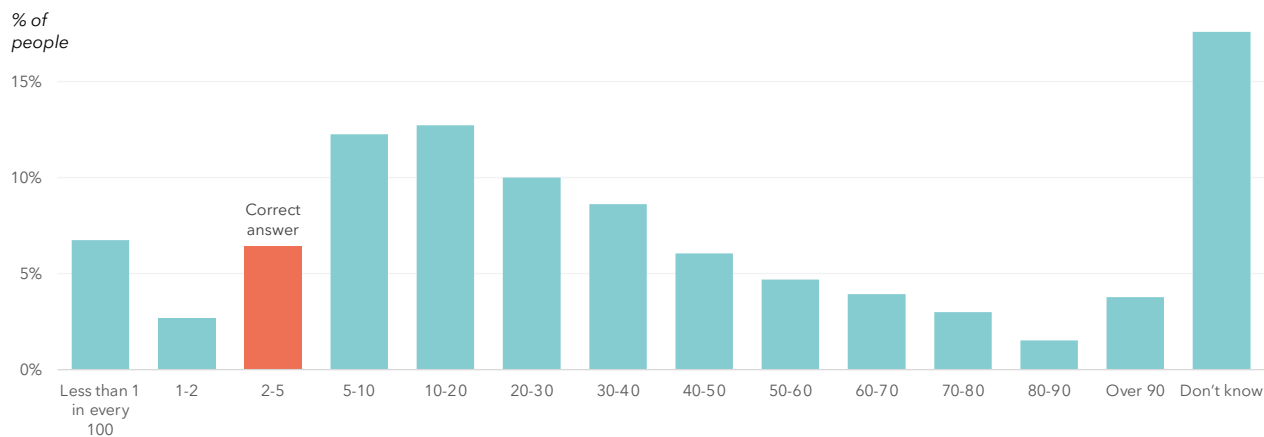
People overestimate the number of people who pay inheritance tax

As shown in Fig. 7, of those who responded with an amount, 81% of people estimated that at least

¹⁰ This is the median figure for all individuals born in the 1960s. When the survey was completed, most people aged 60 would be born in 1962. Given that the value of inheritance passed on is increasing over time, we would expect people born later in the decade to inherit more than those born earlier. Therefore, the median for people aged 60 is likely to be slightly lower than £269,000.

5% of deaths result in inheritance tax being due, with the median estimate at between 20% and 30% of deaths. In reality, the figure is just 3.8%. Just under a fifth of people did not provide an estimate, suggesting a significant proportion people feel too uncertain about this question.

FIGURE 7
ESTIMATES OF HOW MANY DEATHS PER 100 RESULT IN INHERITANCE BEING DUE



Q43. We want to understand your views on how often people have to pay inheritance tax. For every 100 deaths in the UK, in how many do you think inheritance tax is due? Base, all respondents (n=2,037)

This implies people think the government intervenes in inheritance significantly more than they currently do, and likely suggests that some people who won't be charged an inheritance tax bill on their estate think they will be. If people's attitudes to whether the government should or shouldn't intervene in inheritance are informed by their views on the current state of play, these misperceptions will have an impact.

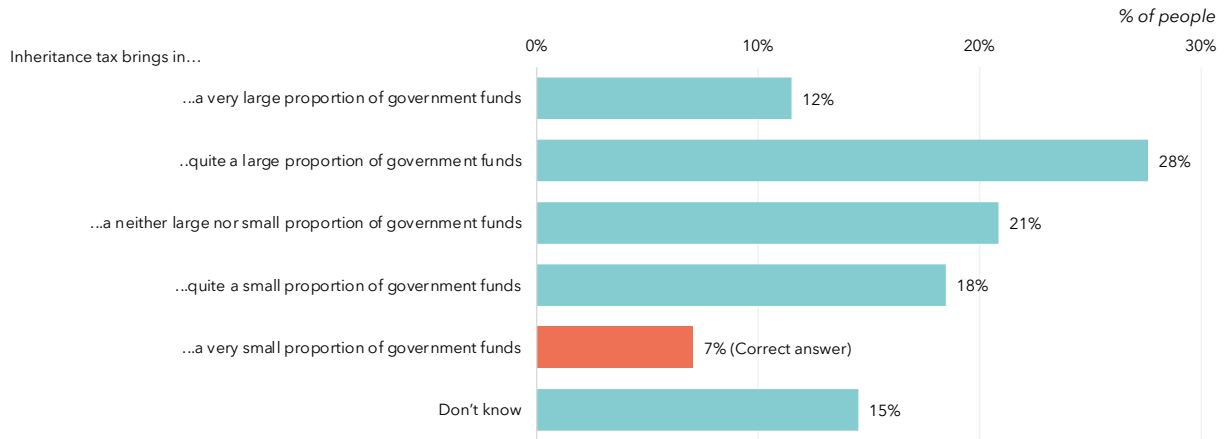
People greatly overstate the contribution of inheritance tax to government funds

Government forecasts expect inheritance tax to bring in just 0.7% of total tax receipts in 2022/23 (compared to, for example, income tax, national insurance, and VAT bringing in 25%, 18% and 16% of total tax receipts respectively)^{11, 12} meaning it contributes a very small proportion to overall tax receipts. In continuing the theme of people overestimating the impact of inheritance tax, Fig. 8 shows how only 7% of people correctly identify that inheritance tax brings in a very small proportion of government funds, while 40% incorrectly think it brings in 'quite a large' or 'very large' proportion of tax receipts.

11 HMRC, *Inheritance Tax statistics: commentary*, 28 July 2022, <https://www.gov.uk/government/statistics/inheritance-tax-statistics-commentary/inheritance-tax-statistics-commentary>

12 Keep M, *Tax statistics: an overview*, 16 January 2023, <https://researchbriefings.files.parliament.uk/documents/CBP-8513/CBP-8513.pdf>

FIGURE 8
ESTIMATES OF THE INHERITANCE TAX'S CONTRIBUTION TO GOVERNMENT FUNDS



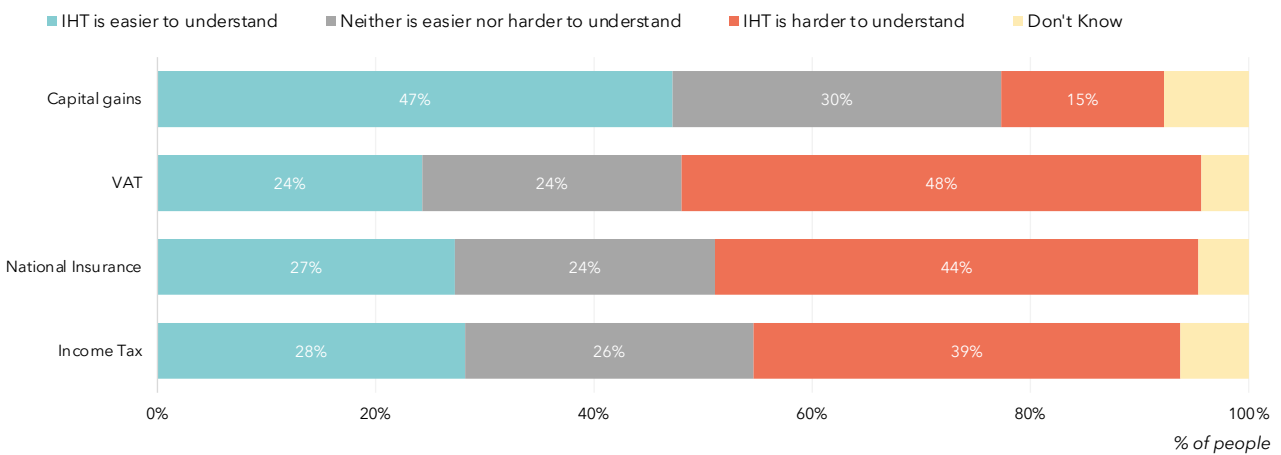
Q45. Which of the following statements do you most agree with? Base, all respondents (n=2,037)

The implication here is that many people think government spending on things like public services is quite heavily reliant on inheritance tax. Based on this, some may focus on the possibility of cuts to public services if the government taxed inheritance less, but others may instead focus on the implication that the government is taking a significant amount of money from people's inheritance. These distinct approaches may have different impacts on how people think about inheritance policy.

People think inheritance tax is harder to understand than other taxes, bar capital gains

Fig. 9 shows how a plurality of people think inheritance tax is harder to understand than income tax, national insurance and VAT - with an average of 44% saying inheritance tax is harder to understand (excluding 'don't knows'), and 26% saying it's easier to understand. Yet, only 15% think inheritance tax is harder to understand than capital gains, compared to 47% saying it's easier. This implies inheritance tax is seen as relatively hard to understand, but capital gains even more so.

FIGURE 9
VIEWS ON THE EASE OF UNDERSTANDING INHERITANCE TAX VS OTHER TAXES



Q46. We want to understand how easy or hard people find it to understand different taxes. To what extent do you agree or disagree with the following statements? [In the format 'Income tax is harder to understand than inheritance tax']. Base, all respondents (n=2,037)

We also found separately that 39% of the public think the UK tax system is much too complicated, and 38% think it is a bit too complicated, compared to only 5% saying it is too simplistic. The fact people think inheritance tax is hard to understand will, for some, mean it contributes to that problem, which could frame it in a negative light.

People also tend slightly towards thinking inheritance tax is easier to avoid than most taxes. While one in three people say inheritance tax is much or somewhat easier to avoid than most taxes, just one in six say it is somewhat or much harder to avoid. For those who think it is easier to avoid, inheritance tax will again be seen as more problematic relative to other taxes. Just under a third, however, say it was neither easier nor harder to avoid than other taxes.

Section 1.2 Conclusion

It is clear there are important misunderstandings among the public about inheritance, and this may affect public attitudes. In underestimating the value of inheritances in the UK and their inequalities, people may downplay the need for policy reforms to address its economic and social impacts. Meanwhile, in overestimating how many people are affected by inheritance tax and how much money it takes, people may overstate the extent to which the government is already intervening in inheritance, although it is not yet clear exactly how that would affect people's attitudes. Inheritance tax may also be placed in a negative frame among some people as it is generally seen as particularly hard to understand, and many think it is easier to avoid than other taxes.

This is an important part of the context for understanding attitudes to inheritance, as policymakers who want to reform policy have to navigate these inaccurate perceptions and criticisms of the tax design. Importantly, however, previous studies have shown that providing people with information about inequalities in inheritance and the proportion of people who pay inheritance tax had very little impact on support for the tax, and in some cases decreased support.¹³ This is not a perfect reflection of the effect that a more accurate understanding of inheritance and inheritance tax across society would have - or the effect of a more positive view on the understandability or enforcement of inheritance tax. Yet, it is indicative that the challenge may be harder than just providing information, and require an engagement with wider belief systems around inheritance. We aim to explore these belief systems in Section 3.

¹³ Prabhakar R; Lymer A and Rowlingson K, *Does information about wealth inequality and inheritance tax raise public support for the wealth taxes?* Evidence from a UK survey, In: Peeters B, Gribnau H, and Badisco J eds. *Building Trust in Taxation*. Cambridge: Intersentia, pp. 335–354, 22 February 2017, <http://oro.open.ac.uk/48302/>

SECTION 2

ATTITUDES TO INHERITANCE AND INHERITED WEALTH

We have seen a range of personal experiences of inheritance within the population and some of the misperceptions that people hold about the role inheritance plays in society. Within this context - alongside a wider set of beliefs and values - people form their political attitudes to inheritance, about the extent to which the government should develop policy on inheritance and what policy they should decide on.

To complicate the picture further, we know that inheritance comes in a variety of forms - be it the varying amounts of money that are passed on or different types of asset - and that people's attitudes to inheritance are likely to change depending on the form. Given this, we might expect people's views to change when they think about inheritance in a general sense compared to when presented with specific examples or scenarios. People may also have distinct views about inequalities in inheritance, and about the transfer of gifts (significant amounts of wealth transferred during one's life to friends and family). We therefore asked about inheritance in these multiple ways, and analysed how responses vary according to the type of inheritance as well as differences caused by how the inheritance is framed (i.e. the language used to describe it rather than the substance of the inheritance).

Government policy on inheritance also comes in a variety of forms, including many policies beyond inheritance tax. There are other policies to tax wealth (such as capital gains tax), as well as policies to encourage wealth accumulation among those with less wealth or to mitigate the impacts of low or unequal inheritance, such as reducing people's credit constraints or improving access to housing. People's views on whether the government should develop its policy on inheritance could also be affected by their understanding of the policy options available.

Yet, we wanted to understand people's views not on specific policies, but on the extent to which the government should focus on policy development in this area. We therefore asked people primarily about the extent to which they think inheritance or gifts should be tax-free, without referring specifically to inheritance tax. This acts as a proxy for the extent to which people think the passing of inheritance should be free of government intervention, without asking for people's view on inheritance tax specifically. Previous research has also found that the tax-free allowance is people's primary concern in regard to wealth taxes, as opposed to the tax rate.¹⁴ We avoided asking people about the acceptability of passing inheritance because many people may view inheritance more as a private family or individual concern, as opposed to a moral or political concern in the way that 'acceptability'

¹⁴ Manuel A, Daria T, *Tax principles, policy feedback and self-interest: cross-national experimental evidence on wealth tax preferences*, Socio-Economic Review, 2 February 2023, <https://doi.org/10.1093/ser/mwac071>

implies. When asking about inequalities, however, we did ask about whether people think they are fine or unacceptable, as inequalities at societal level are much less likely to be thought of as a private concern.

2.1 WHAT ARE PEOPLE’S ATTITUDES TO INHERITANCE?

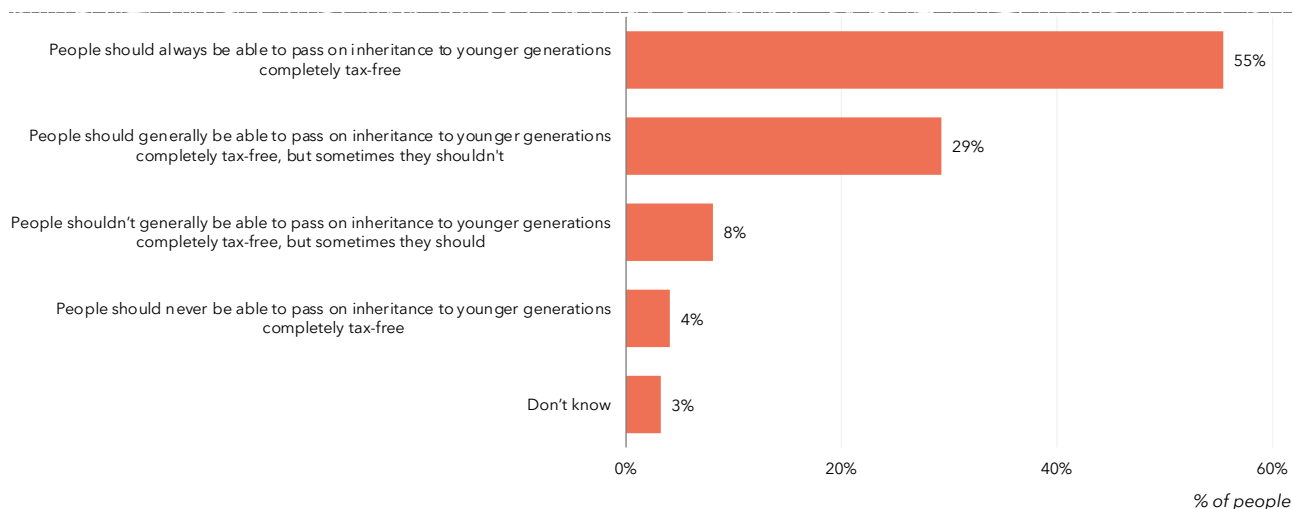
Inheritance can be thought of both in general terms (i.e the general act of passing on wealth) or as specific acts (e.g. the inheritance of a £1 million house given to one’s child). While these are clearly linked, they may be thought of very differently, and so we asked people their views on both separately. We also asked people about attitudes to gifts passed by people during their life.

We find that people tend to think inheritance should always be completely tax-free when asked about inheritance in a general sense, but are more sceptical about tax-free inheritance for specific inheritances. For the vast majority of specific inheritances, a majority of people think they shouldn’t always be tax-free. Meanwhile, very few people think inheritance should always be tax-free if made of particularly high amounts, made of financial assets or secondary homes, given by people who acquired their wealth in other ways than work (e.g. capital gains or inheritance themselves), or given to people who have high income, wealth or previous inheritance.

2.1.1 Inheritance in general

When asked in a general sense, most people say inheritance should always be tax-free

FIGURE 10
EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE



Q4. Which of the following do you most agree with? Base, all respondents (n=2,037)

A majority of people (55%), when asked about whether inheritance should be tax-free, take an absolutist stance - that inheritance should always be tax-free. Only 29% agreed with the current system whereby the vast majority of inheritances are tax-free, but some aren't. Currently, only 3.8% of deaths result in an inheritance tax charge (although a portion of these deaths will involve inheritances passed within generations, rather than to younger generations), while capital gains tax is not required on inherited assets for any gains made prior to the death.^{15, 16}

15 HMRC, *Inheritance Tax statistics: commentary*, 28 July 2022, <https://www.gov.uk/government/statistics/inheritance-tax-statistics-commentary/inheritance-tax-statistics-commentary>

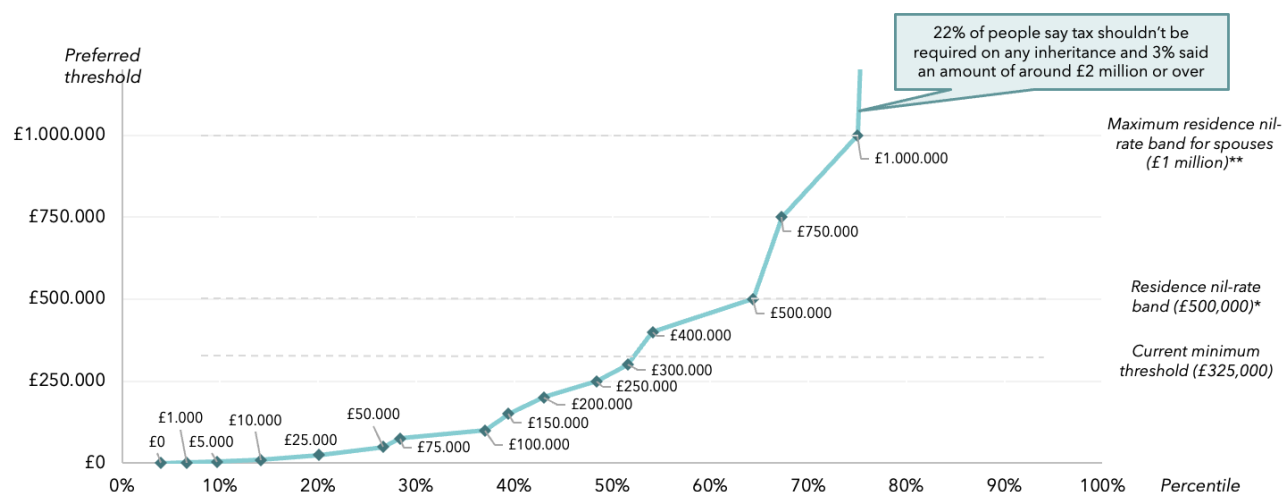
16 Of all estates passed at death in 2019–20 that were worth more the tax-free allowance, 40% used the tax exemption for spouses or civil partners, suggesting at least some wealth was given to spouses or civil partners in 40% of these higher value estates. This is an indication of the proportion that would be given for lower value estates below the tax threshold.

This finding is consistent with previous research on UK public attitudes which finds, for example, that 49% say inheritance tax is unfair or very unfair (compared to just 21% saying it is fair or very fair), 69% say it's unfair to tax a person's estate after their death, and 48% say we should abolish inheritance tax completely (compared to just 37% saying we should keep it).^{17,18,19} This data can explain why politicians are so cautious about increasing taxes on inheritances or why they look to scrapping inheritance tax as an easy vote-winner; on the face of it, higher taxation of inheritances appears very unpopular.^{20, 21}

2.1.2 Specific inheritances

When asked about specific amounts of inheritance, most people say some amounts should be taxed

FIGURE 11
PREFERRED TAX THRESHOLD FOR INHERITANCE, BY PERCENTILE IN THE DISTRIBUTION OF RESPONSES



Q5. Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,955)

*The threshold if a primary residence is passed to direct descendants (children or grandchildren)

**Threshold if spouses pass primary residence passed to direct descendants and combine their residence nil-rate band

55% of people say inheritance should always be completely tax-free when asked in a general sense. Yet, when presented with various amounts of inheritance, only 22% of people (excluding the 4% who responded don't know) say all inheritance should be tax-free, regardless of the amount - 78% of people say some amounts of inheritance should be taxed. A significant portion of people therefore give contradictory answers about whether inheritance should be tax-free.

Of all respondents, the average person (excluding 'don't knows') thinks tax should start being paid on inheritances once they are worth around £300,000. The current minimum threshold is £325,000, but most estates do not start paying tax until they are worth significantly more. Many estates experience a tax-free threshold of at least £500,000 (the residence nil-rate band, if passing on a primary residence), and up to £1 million (the maximum residence nil-rate band for spouses, if passing on a primary

17 YouGov, How fair is inheritance tax?, no date, <https://yougov.co.uk/topics/politics/trackers/how-fair-is-inheritance-tax>

18 Ipsos, Public Opposition To 'Unfair' Inheritance Tax, 1 October 2004 <https://www.ipsos.com/en-uk/public-opposition-unfair-inheritance-tax>

19 Ward J, YouGov poll shows majority support raising IHT threshold above £325k despite 'eyewatering' public finance decisions ahead, Kingsley Napley, 8 November 2022, <https://www.kingsleynapley.co.uk/our-news/press-releases/yougov-poll-shows-majority-support-raising-ih-t-threshold-above-325k-despite-eyewatering-public-finance-decisions-ahead>

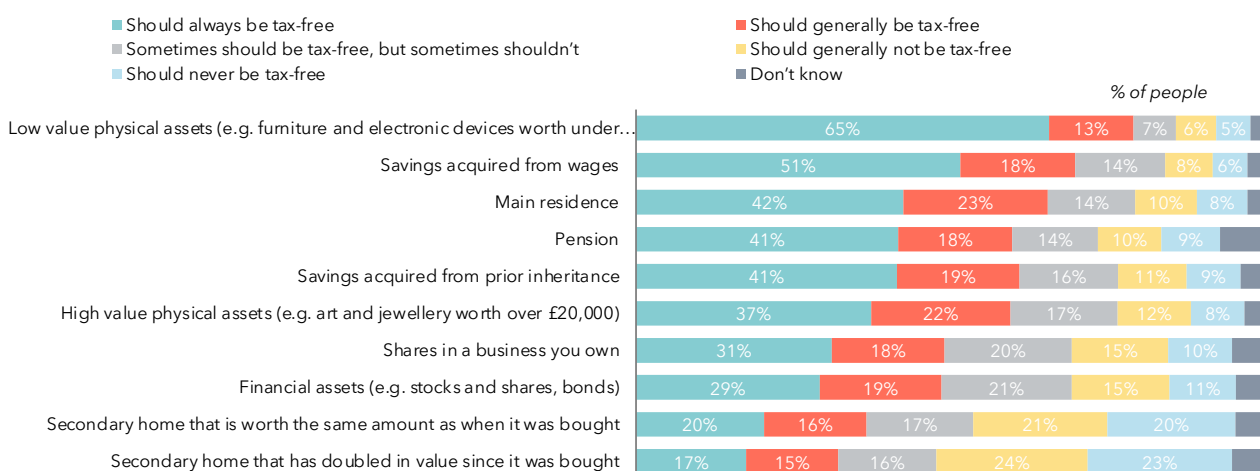
20 Giles C, 'OK boomer, you're more generous than we thought', *Financial Times*, 8 November 2022, <https://www.ft.com/content/5c482689-76a7-4a62-b042-acd4b4aaecf4>

21 'A hated tax but a fair one', *The Economist*, 23 November 2017, <https://www.economist.com/leaders/2017/11/23/a-hated-tax-but-a-fair-one>

residence while using a deceased partner's tax-free threshold).^{22, 23} Of estates worth between £300,000 and £500,000, only 8% are taxed, and even of estates worth between £500,000 and £1 million, only 26% are taxed. It is only when estates are worth over £1 million when a majority are taxed (89% of estates worth over £1m are taxed). This suggests a majority of people think there should be a lower threshold than the one that most people currently pay. Just under half of people (48%) (excluding 'don't knows') also say the threshold should be at most £250,000, which is lower than even the minimum threshold.

When asked about inheritance of specific assets, for most inheritances, people tend to say they should be taxed in some instances - especially for secondary homes

FIGURE 12
EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE FOR SPECIFIC TYPES OF ASSETS



Q6. We want to know how people feel about inheritances of different types of asset. To what extent should people be able to pass on the following types of asset to younger generations as inheritance tax-free? Base, all respondents (n=2,037)

People are less likely to think inheritance should be tax-free when presented with inheritances of different types of asset than when asked about non-specific inheritance - although to a lesser extent than when presented with specific amounts. Only when inheritance is made up of either low value physical assets or savings acquired from wages do a majority of people think they should always be tax-free - in all other cases over half think it should be taxed in some instances.

Importantly, just 17% think secondary homes that have doubled in value since purchase should always be tax-free; eight in ten people think it should be taxed in some instances, and half think it should be in most instances. This shows that many of the 55% who think inheritances should always be completely tax free do not maintain these views when asked about specific examples of inheritances.

The differences in attitudes to different asset types is also stark. While 78% of people think low value physical assets should always or generally be tax-free, just 11% say they should never or generally shouldn't be tax-free - a 67% majority in favour of the inheritance generally being tax-free.²⁴ For savings acquired from wages, that majority is 55%, and for main residences, it's 47%. In contrast, for the secondary home that has doubled in value, 41% say it generally shouldn't or should never be tax-free, while 36% say it generally or always should be - a 5% majority. For a secondary home that has doubled in value since purchase, there is a 15% majority in favour of it never or generally not being

22 If you are married or in a civil partnership and your partner dies, your inheritance tax allowance rises by the amount that your partner did not use of their tax-free allowance.

23 HMRC, *Inheritance Tax statistics: Table 12.3 - estates notified to HMRC, numbers and tax due*, 28 July 2022, <https://www.gov.uk/government/statistics/inheritance-tax-statistics-table-123-estates-notified-to-hmrc-numbers-and-tax-due>

24 Net support = (% Always should be tax-free + % Generally should be) - (% Generally shouldn't be + % Never should be)

tax-free

There is also a much greater difference in people’s attitudes to primary homes vs secondary homes than in attitudes to two types of secondary homes (one that has doubled in value since purchase and one which has stayed the same value). This suggests people’s views on whether inheritance should be taxed are not greatly affected by whether the inheritance has benefited from increased house prices. People’s views may be more shaped, however, by the amount of social value a house has to the bequeather (because, for example, they live in it most of the time) or the amount of wealth the bequeather has (on the assumption that someone giving a secondary home is particularly wealthy).

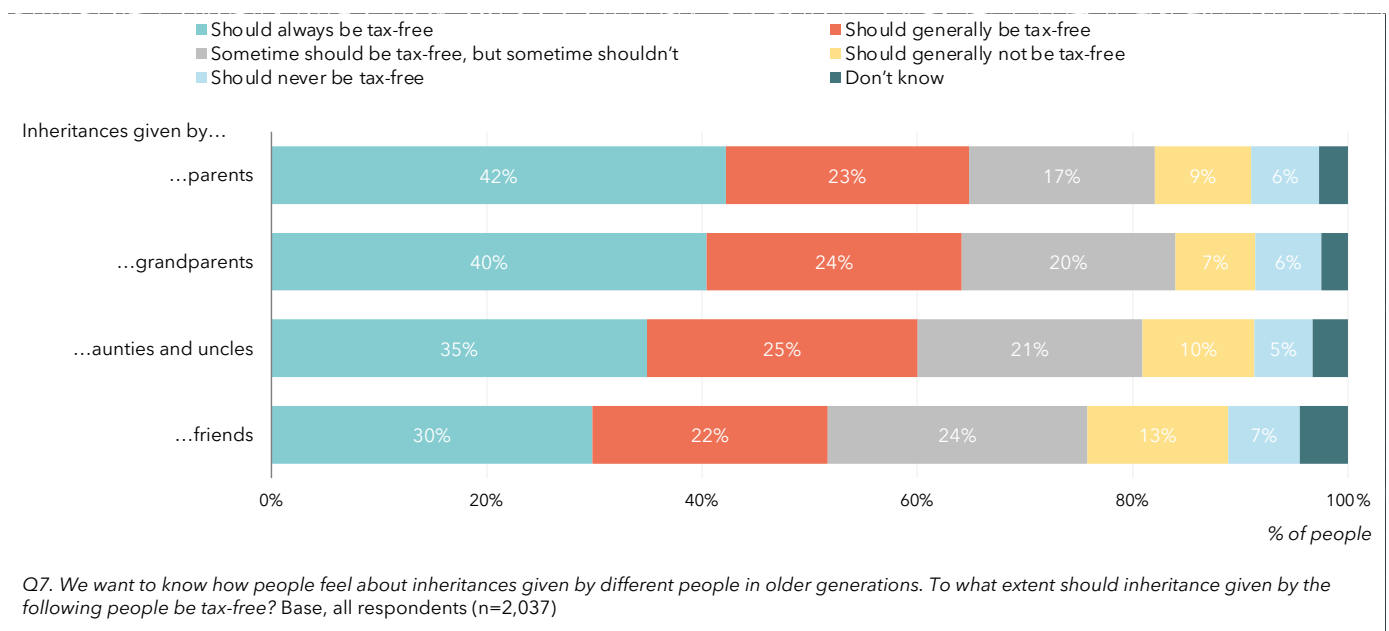
Current policy reflects the public’s differential treatment of assets to some extent. 65% of people think an inheritance of low value physical assets should always be tax-free, and the current threshold of £325,000 means such an inheritance would likely never be taxed. Similarly, when someone is passing on a primary home to direct descendants, they have a higher tax threshold, and pensions are primarily tax-free when passed in inheritance - reflective of the value people place on these assets being tax-free.

Moreover, while the value of the inheritance is considered in current policy, the extent to which the value of assets has changed over time is not. Capital gains tax (which taxes income acquired via capital rather than work) is not required on inherited assets on any gains made prior to the death. This means a secondary home worth the same as when purchased and one that has doubled in value would, when passed as inheritance, only be taxed differently to the extent they are worth different amounts. This reflects the public’s similar treatment of these. Current policy does not, however, treat different types of financial assets differently, despite the fact people treat them significantly differently to savings and main residences.

When asked about inheritances given by friends rather than family, people are more pro-tax

While around four in ten people think inheritances given by parents or grandparents should always be tax-free, around three in ten think those given by friends should. Attitudes to inheritances given by non-direct relatives (aunties and uncles) land in the middle of those. This implies people do place importance on the closeness of the relation between giver and receiver. This is a distinction that is recognised by the current policy treatment of inheritances, whereby the higher tax threshold for main residences only applies for those given specifically to direct descendants.

FIGURE 13
EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE FOR THOSE GIVEN BY SPECIFIC PEOPLE



Q7. We want to know how people feel about inheritances given by different people in older generations. To what extent should inheritance given by the following people be tax-free? Base, all respondents (n=2,037)

The framing of an inheritance, as opposed to the substance, also has an impact on whether people think it should be taxed

Fig.13 also illustrates how people’s attitudes are affected by the framing of the inheritance, rather than the substance. Given that 55% of people say inheritance should always be completely tax-free, we would expect all of them, when presented with any specific inheritance, to say it should be completely tax-free. But this is far from the case. For example, fewer people think inheritance should always be tax-free whether they’re given by parents, grandparents, aunts and uncles or friends. We would expect people, when considering whether inheritance should be tax-free in a general sense, to think about inheritances given by one or all of these relatives. Yet, the fact that people are less supportive of inheritance being tax-free when asked about specific relatives suggests that people do not think like this, and only do so when the inheritance is framed as such, i.e. in terms of a particular set of inheritances.

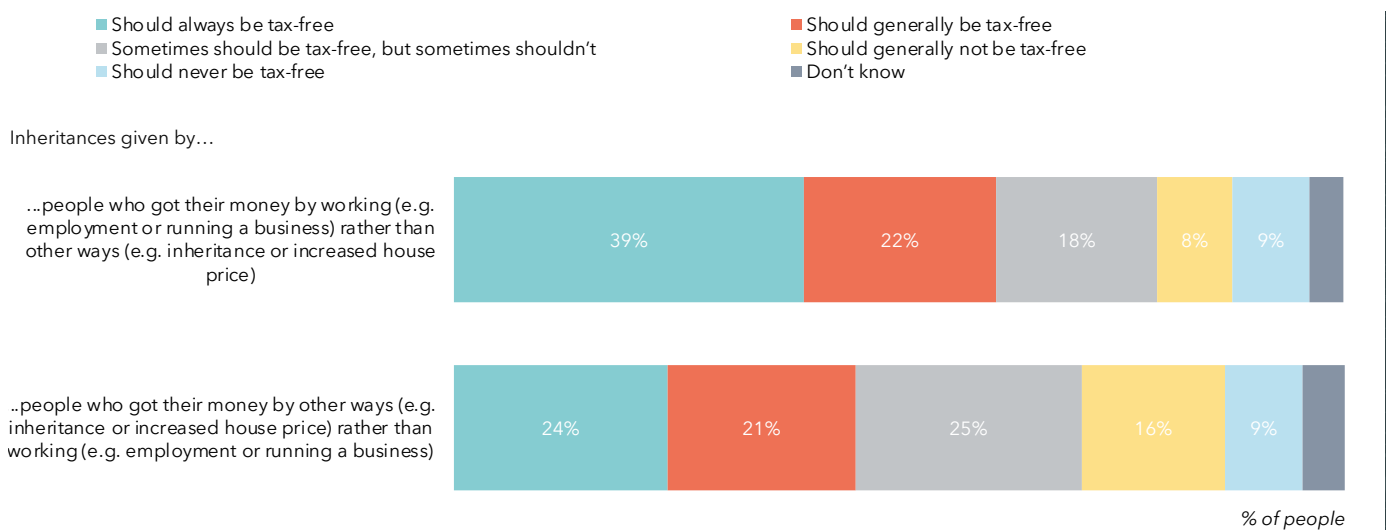
People are more likely to say inheritance should be tax-free if framed in terms of the who it is given to rather than who it is given by

While 42% say inheritances should always be tax-free if given by parents, 48% say they should be if given to children. Similarly, while 40% say inheritances should be tax-free if given by grandparents, 46% say they should if given to grandchildren. Yet, these are exactly the same inheritances. The fact that people are less likely to say the latter ones should be tax-free, despite being asked the former questions shortly before in the same survey, implies there is an important framing effect. This may be because the framing of inheritances ‘given to’ specific people puts the focus on the gifting element of inheritance, in which case people may be more averse to tax.

When asked about inheritances given by people whose wealth didn’t come from work, people are more pro-tax

While 39% of people think inheritance should always be tax-free if given by someone who acquired their wealth through work, just 24% think so for people who acquired it through other ways (e.g. inheritance or house price increases). Almost three quarters of respondents say inheritances given to people who didn’t work for their wealth should be taxed in some instances, while a quarter think it should be taxed in most instances

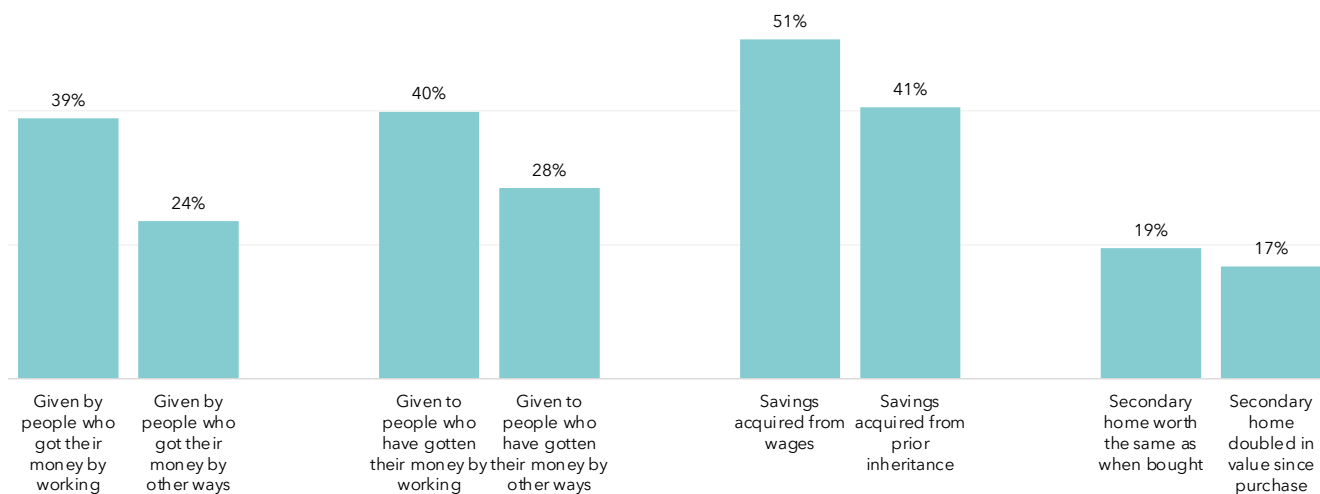
FIGURE 14
EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE FOR THOSE GIVEN BY SPECIFIC PEOPLE



Q7. We want to know how people feel about inheritances given by different people in older generations. To what extent should inheritance given by the following people be tax-free? Base, all respondents (n=2,037)

FIGURE 15

PERCENTAGE OF PEOPLE WHO THINK SPECIFIC INHERITANCE SHOULD ALWAYS BE TAX-FREE, BY HOW THE WEALTH WAS ACQUIRED



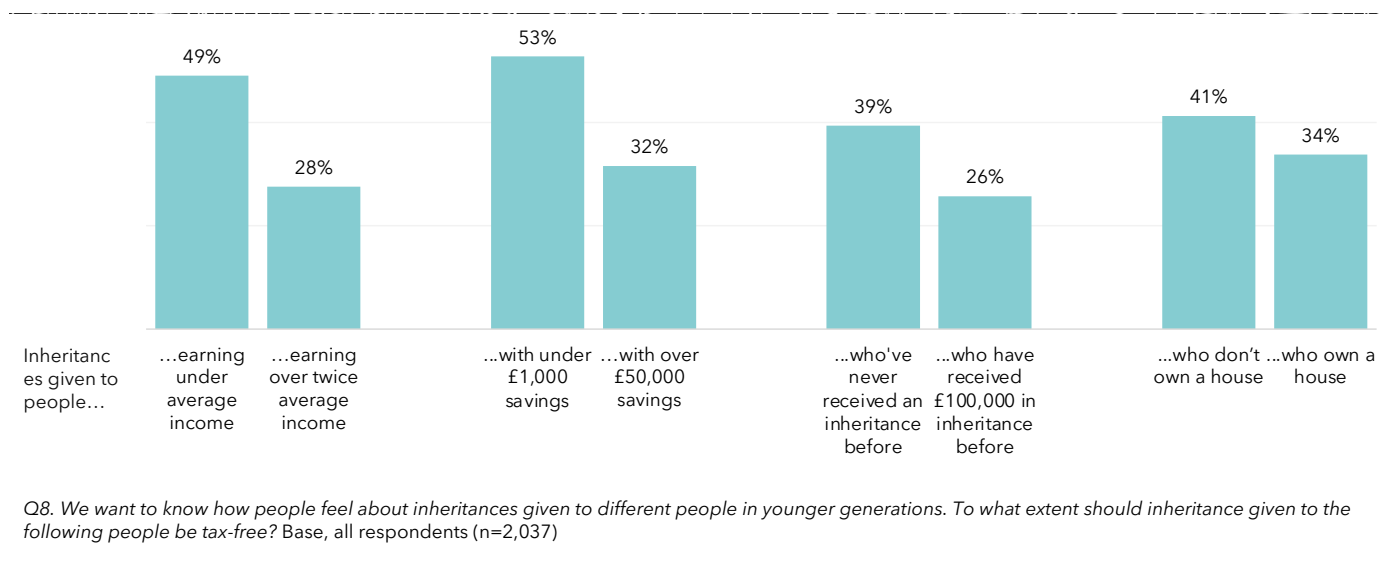
Q7. We want to know how people feel about inheritances given by different people in older generations. To what extent should inheritance given by the following people be tax-free? Base, all respondents (n=2,037) and Q6. We want to know how people feel about inheritances of different types of asset. To what extent should people be able to pass on the following types of asset to younger generations as inheritance tax-free? Base, all respondents (n=2,037)

While just 24% think inheritance should always be tax-free when given by people who didn't get their money by working, 39% think they always should be when given by people who did get their money by working (1.6 times as many). The equivalent numbers for those given to people who didn't get their money by working and those who did are 40% and 28% (1.4 times as many).

These are much larger differences than when comparing inheritances of different asset types whose value has been acquired in different ways. For example, while just 17% think inheritance should always be tax-free if made up of secondary homes that have doubled in value since purchase (implying half the wealth has not been acquired through work), just 20% think they should if made up of secondary homes worth the same as when purchased (just 1.18 times as many). Similarly, when comparing inheritances made up of savings acquired from prior inheritance and those made up of savings from wages, 41% think the latter should always be tax-free, but 51% think the former should be (just 1.24 times as many). This suggests people are more concerned about the way in which wealth is acquired if those details are framed in terms of how the person giving or receiving inheritance acquired their wealth, as opposed to an impersonal description of wealth.

The public are more pro-taxing inheritances when those receiving inheritances have high wealth or income levels

People are more likely to think inheritance should be tax-free if given to people with little wealth or income. As Fig.16 shows, the biggest differences are between inheritance given to people earning less than average income and to people earning over twice average incomes, and between those given to people with under £1,000 in savings and to people with over £50,000 in savings. Yet, attitudes are less affected by whether the recipient owns a house already. People are actually more likely to think inheritance should be tax-free if given to someone who owns a house than if given to someone with £50,000 in savings, despite the former group tending to be much wealthier than the latter. This may suggest that savings are seen as putting people in a better position than property-ownership.

FIGURE 16**PERCENTAGE OF PEOPLE WHO THINK SPECIFIC INHERITANCE SHOULD ALWAYS BE TAX-FREE, BY ECONOMIC SITUATIONS OF THE RECIPIENT**

People are less concerned with how the recipient will spend their money. A third of people (33%) say inheritance should always be tax-free if given to people who plan to save and invest it, but 29% say it should be if given to people who plan to spend it within a year.

Over half of people think tax should be charged on gifts once someone has received just £50,000 throughout life

When asked how much people should be allowed to receive in gifts (transfers worth over £500) throughout their life, only 22% of people (excluding the 7% who responded 'don't know') say tax shouldn't be required on any gifts. In fact, 56% of people say £50,000 or less should be tax-free, while four in ten people say just £10,000 or less should be tax-free.

This is surprisingly low. This is first because gifts, currently, only face being taxed if given within the seven years prior to death, at which point they are taxed under inheritance tax. The minimum threshold, therefore, would be at £325,000 (inclusive of any inheritance people receive). Yet, if given before the seven years prior to death, gifts are received entirely tax-free. The current system is therefore significantly at odds with what the public thinks on this.

These findings are also surprising because, as we found, respondents typically say the people should be able to pass on around £300,000 in inheritance tax-free. Converting this number to how much people would receive, if we assume all inheritance eventually gets passed to the next generation (and given that the average number of children per person in the UK, for the most recent cohort of 'completed families', is 0.95), the average amount of inheritance received tax-free would be around £315,000.^{25, 26} This is over six times larger than the amount the average respondent says people should be able to receive in gifts, throughout their lifetime, tax-free.

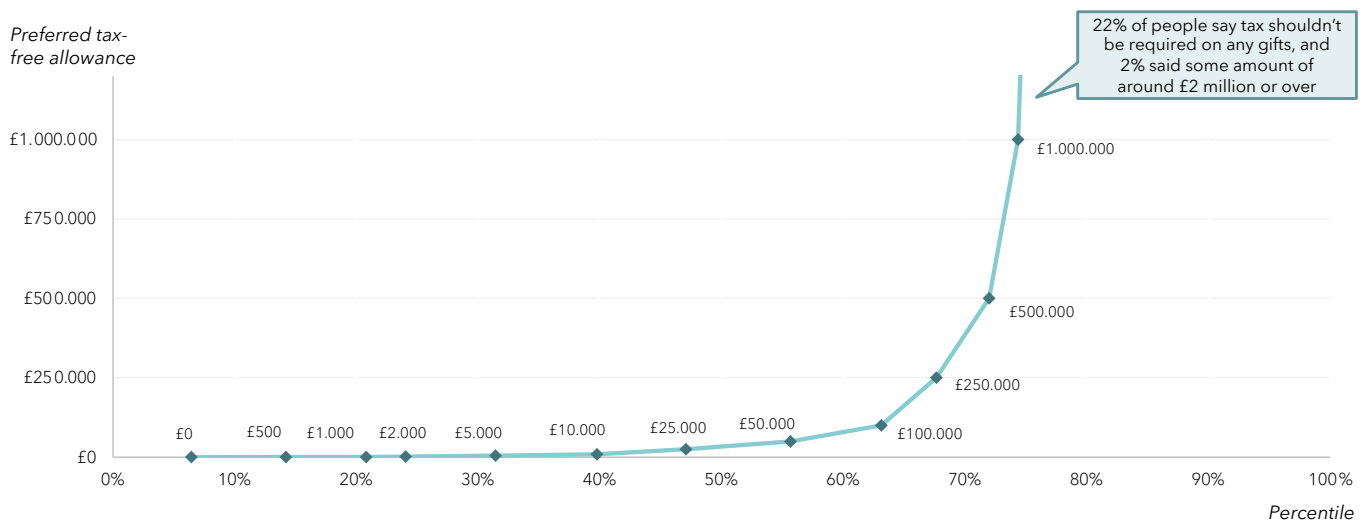
Two key differences could explain this disparity. Firstly, people may have very different attitudes to receiving inheritance and receiving gifts. Our findings would suggest that people find the former much more legitimate, as they tend to think people should be able to receive much more in inheritance tax-free than in gifts tax-free. Alternatively, people may have very different attitudes depending on whether the transfer of wealth is framed in terms of how much people can receive (which the question about lifetime gifts does) or how much people can give (which the question about inheritance does).

25 'Completed families' are determined according to women who turned age 45 in a given year. The average completed family size for women in England and Wales turning 45 in 2018 was 1.89 children per woman, which reflects around 0.95 per person in the full population.

26 ONS, Childbearing for women born in different years, England and Wales: 2018, 4 December 2019, <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/conceptionandfertilityrates/bulletins/childbearingforwomenbornindifferentyearsenglandandwales/2018>

FIGURE 17

PREFERRED LIFETIME TAX-FREE ALLOWANCE ON GIFTS, BY PERCENTILE ON THE DISTRIBUTION OF RESPONSES



22% of people say tax shouldn't be required on any gifts, and 2% said some amount of around £2 million or over

Q51 We want to understand how much people think others should be able to receive in gifts throughout their lifetime without paying any tax. Around what amount of gifts worth over £500 do you think people should generally be able to receive, in total throughout their life, tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,885).

A final reason it is surprising is because it seems to go against previous Demos research on public attitudes to a 'Lifetime Receipts Tax'.²⁷ This proposed tax would be charged any amount of inheritance or gifts someone receives after those receipts reach a certain tax-free allowance. It differs from inheritance tax, which taxes the estate people give at death and the gifts they gave in the years prior, without regard for how much individuals receive. Yet, in a survey and focus groups, Demos found that such a tax was just as unpopular, if not more so, than inheritance tax. People raised concerns about the idea of taxing gifts itself. The different responses may therefore be because, while the previous paper asked specifically about views on a Lifetime Receipts Tax, our paper asked just about what amount of gifts should be allowed tax-free. This latter framing shifts the focus from the tax itself to the amount of money being received, which, as we've seen, can lead people to express support for lower tax-free allowances.

Only Conservative voters typically support a higher tax threshold than the one that currently exists

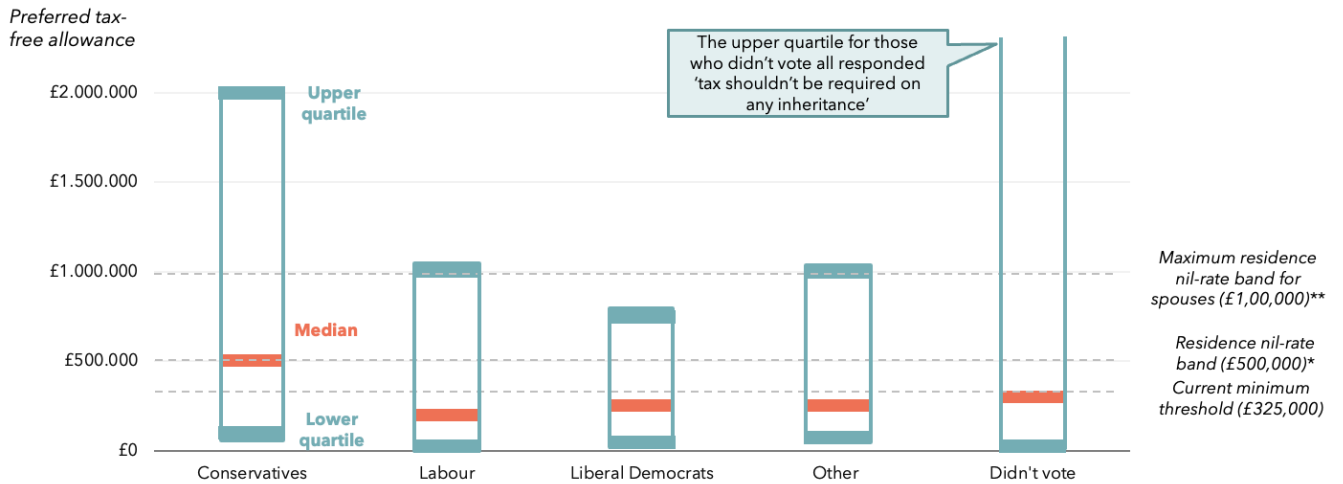
For voters of all parties other than the Conservatives, the average person (excluding 'don't knows') supports a lower inheritance tax threshold than the minimum currently in place in the UK. Of those who voted Labour in 2019, for example, the average person says people should be allowed to pass on around £200,000 in inheritance tax-free. Even Conservative voters typically think just £500,000 should be tax-free in inheritance. Yet, under current policy, the vast majority of estates don't start paying tax until they are worth over £1 million. This suggests Conservative voters may also support reductions in the residence nil-rate band and the nil-rate band for spouses.

78% of Conservative voters, 81% of Labour voters and 87% of Liberal Democrats voters say that tax should be paid on some amounts of inheritance, suggesting very low levels of support for abolishing inheritance tax for all amounts across the political spectrum.

27 Glover B and Seaford C, A People's Budget: How the public would raise taxes, 24 September 2020, <https://demos.co.uk/wp-content/uploads/2020/09/A-Peoples-Budget-Sept-2020-v5.pdf>

FIGURE 18

PREFERRED TAX THRESHOLD FOR INHERITANCE, BY 2019 GENERAL ELECTION VOTE



Q5 Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Base, all respondents other than those responding 'don't know' (n=1,955) and A10 Who did you vote for at the last General Election in 2019, or did you not vote? Base, all respondents (n=2,037)

*The threshold if a primary residence is passed to direct descendants (children or grandchildren)

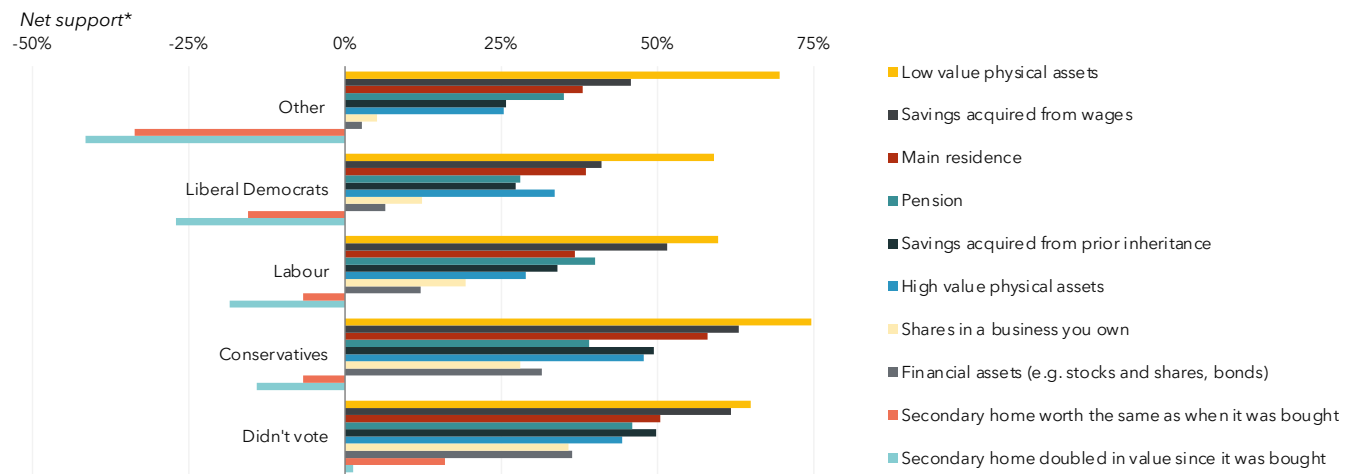
**Threshold if spouses pass primary residence passed to direct descendants and combine their residence nil-rate band

All voters are opposed to secondary homes being inherited tax-free

For many asset types, a relatively similar proportion of people tend to think they should generally be tax-free in inheritance, regardless of their 2019 general election. This is not the case, however, for some asset types. In particular, Conservative voters (excluding 'don't knows') are two-and-a-half times as likely as Labour voters to think inheritances of financial assets should generally be tax-free. They are also over one-and-a-half times as likely to think inheritances of main residences should generally be tax-free.

FIGURE 19

NET PUBLIC SUPPORT FOR TAX-FREE INHERITANCE FOR SPECIFIC TYPES OF ASSET, BY 2019 GENERAL ELECTION VOTE



Q5. Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,955). And A10 Who did you vote for at the last General Election in 2019, or did you not vote? Base, all respondents (n=2,037)

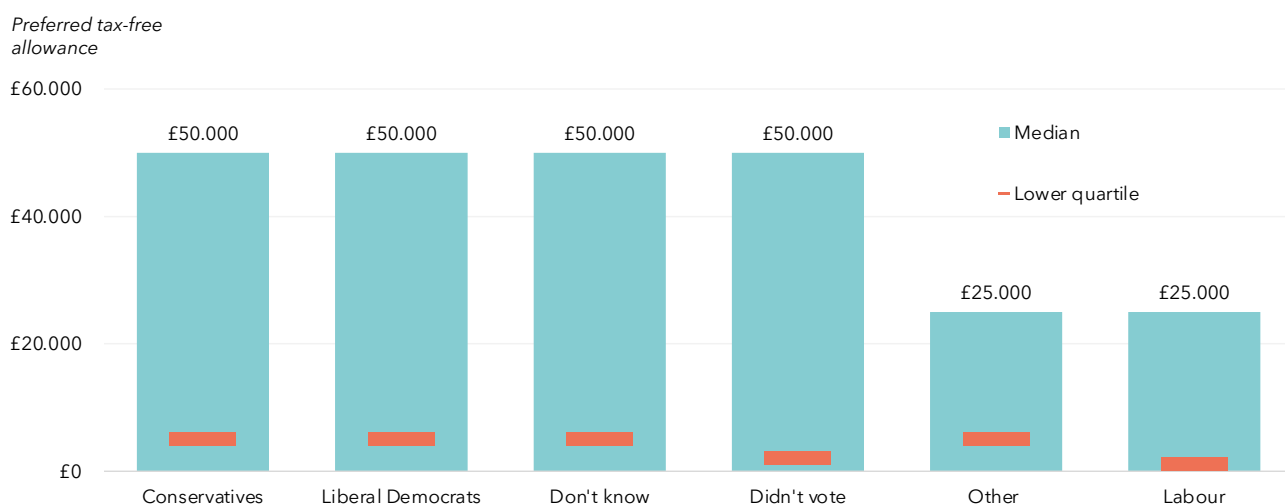
*Net support = [% Always should be tax-free + % Generally should be] - [% Generally shouldn't be + % Never should be].

While all those who voted tend to think secondary homes should generally not or never be tax-free, this is particularly the case for those who voted for the Liberal Democrats or 'other' parties. Conservative and Labour voters have surprisingly similar levels of net support for secondary homes being tax-free (both -7% for secondary homes worth the same as when purchased, and -14% and -18% respectively for those that have doubled in value since purchase). Those who didn't vote are the only group who tend to think secondary homes should generally be tax-free.

Conservative voters typically think the tax-free allowance on gifts should be twice as high as Labour voters

Conservative voters typically say the lifetime tax-free allowance on gifts should be £50,000 (excluding 'don't knows'), twice as much as Labour voters say (£25,000). While this is a significant difference, both are surprisingly low amounts. It is also surprising that a quarter of Conservative voters think that allowance should be £5,000 or less, while a quarter of Labour voters think it should be £1,000 or less. On the upper end of the distribution, bigger gaps begin to emerge. While a quarter of Labour voters say the tax-free allowance should be £500,000 or more, a quarter of Conservative voters say tax shouldn't be required on any gifts, regardless of the amount.

FIGURE 20
PREFERRED LIFETIME TAX-FREE ALLOWANCE ON GIFTS, BY 2019 GENERAL ELECTION VOTE (MEDIAN AND LOWER QUARTILE RESPONSE)



Q51 We want to understand how much people think others should be able to receive in gifts throughout their lifetime without paying any tax. Around what amount of gifts worth over £500 do you think people should generally be able to receive, in total throughout their life, tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,885). And A10 Who did you vote for at the last General Election in 2019, or did you not vote? Base, all respondents (n=2,037)

Section 2.1 conclusion

A majority of people have an absolutist aversion to taxing inheritance when discussing inheritances in the abstract and in general. Yet, people are much less absolutist when asked about specific inheritances. In particular, people are more supportive of taxing inheritances of particularly high amounts, those of financial assets or secondary homes, those given by people who acquired their wealth in other ways than work (e.g. capital gains or inheritance themselves), or those given to people who have high income, wealth or previous inheritance.

People are also much more supportive of taxing gifts than would be anticipated from prior research. While previous Demos research suggested that the public are generally unsupportive of a tax on lifetime receipts of wealth transfers, our survey suggests a majority of people would support taxing gifts after people have received £50,000 throughout their lives. This discrepancy may result from a shift in framing, from one which puts the focus on the Lifetime Receipts Tax (in prior research) to one which puts the focus on the amount of money being transferred (our present survey).

We also find other important framing effects. People are more supportive of taxing inheritance when framed as something given by someone, rather than given to someone. People also are more supportive of taxing inheritance when the money was not acquired through work, specifically when framed in terms of the person not getting their money through work, rather than the wealth not being acquired through work.

Throughout the survey, we also found that framing an inheritance in terms of a particular inheritance or a transaction between two people makes people less likely to think it should always be tax-free. This may result from a tendency for people, when asked about a tax framed in broad terms, to think about themselves having to pay it, but not do so when it is framed in more specific terms. Previous research has found, for example, that politicians in the US framed inheritance tax as a 'death tax' both to frame it in a negative light, but also 'to imply that the tax could apply to anyone' so that 'Americans feel that the tax *could* apply to them'.²⁸ In our survey, the broader framing may allow people to put themselves in the position of the person with inheritance, making them more likely to think it should be tax-free. In the more specific framing, people may be less able to put themselves in that position and then not see themselves as being liable to the tax, making them more supportive of it.

The fact inheritance policy is often spoken about in discourse in a very generalised sense may be one reason for people's absolutist aversion to increased policy intervention. This implies that policymakers who want to drive forward new policy interventions around inheritance should discuss inheritance in more specific terms. People are also less likely to think inheritance should always be tax-free if the framing highlights how certain people giving or receiving inheritance may not have worked for their wealth.

2.2 WHAT ARE PEOPLE'S ATTITUDES TO INEQUALITIES IN INHERITANCES?

We have seen that the public have complex attitudes towards whether people should be able to pass on inheritance tax-free. While people may consider their views on that in terms of the impact of inheritance across society, there are a range of other factors that may play into it, such as individual fairness, rights, or family responsibilities. It is therefore interesting to look specifically at how people think about the distribution of inheritance across society.

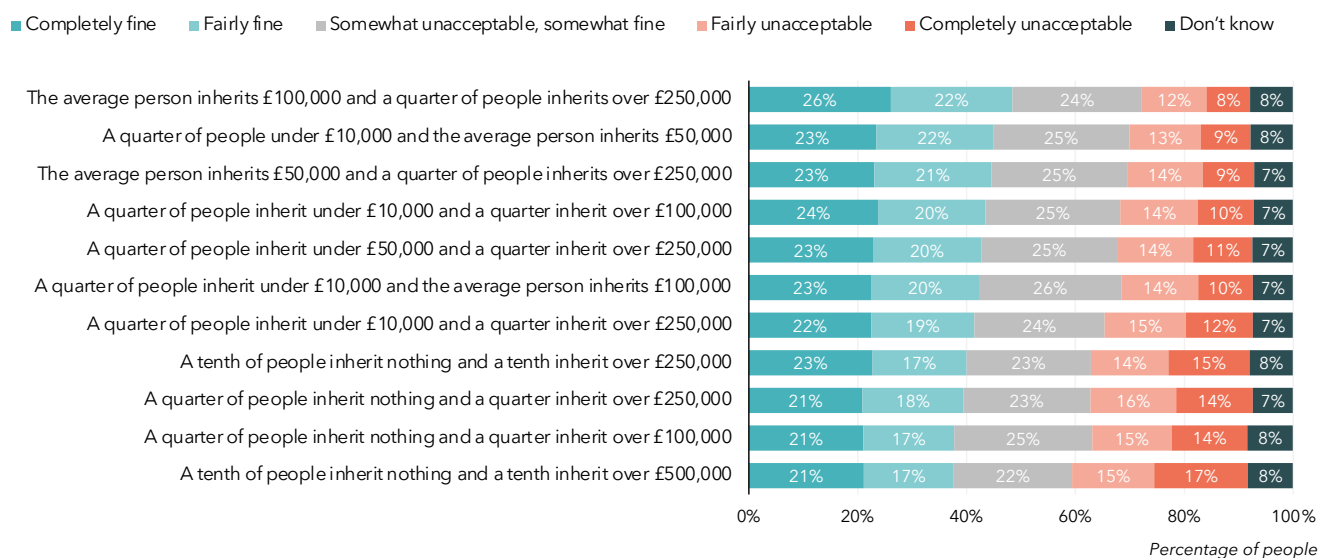
We find that a plurality of people think inequalities in inheritance are acceptable. People are slightly more concerned if some people inherit nothing, and generally more concerned about inequalities at the margins (i.e. the 10th and 90th percentiles of the distribution, rather than the 25th and 75th). The public are more likely to think inequalities in inheritance are acceptable if they are older, vote Conservative, and own a home.

28 Schaffner B and Atkinson M, *Taxing Death or Estates? When Frames Influences Citizens' Issue Beliefs*, in Schaffner B and Sellers P, *Winning with Words, The Origins and Impact of Political Framing*, 17 September 2009, https://pages.charlotte.edu/mary-atkinson/wp-content/uploads/sites/619/2016/09/AppendixE_Atkinson_TaxingDeathOrEstates.pdf

A plurality of people think inequalities in inheritance are fine

FIGURE 21

VIEWS ON THE EXTENT TO WHICH INEQUALITIES IN INHERITANCE ARE FINE OR UNACCEPTABLE



Q10. We want to know whether people think it's fine or unacceptable that some people get more inheritance and others less. To what extent do you think the following situations are fine or unacceptable? Base, all respondents (n=2,037)

We asked people about a range of situations of inequality in inheritance, considering inequalities between people at the 10th, 25th, 50th, 75th, and 90th percentiles. Some of these situations are reflective of the levels of inequality in inheritance forecast by the IFS for people born in either the 1960s or 1980s. For example, a quarter of people inheriting under £10,000 and a quarter inheriting over £100,000 is reflective of the level of inequality forecast for people born in the 1960s - the actual figures are £4,000 and £151,000.

People slightly tend toward thinking these situations of inequality are fine. Even for the situation which people say is least acceptable - whereby a tenth of people inherit nothing and a tenth inherit over £500,000, which is forecast for people born in the 1980s - 21% say this is completely fine and a further 16% say it is fairly fine. In contrast, only 17% say it is completely unacceptable and 15% say it is fairly unacceptable.

A considerable proportion of people do, however, think these situations are at least somewhat unacceptable (either 'somewhat unacceptable but somewhat fine', 'fairly unacceptable' or 'completely unacceptable'). For all of the situations other than one, a plurality of people say they are at least somewhat unacceptable.

Older people are more likely to think inequalities in inheritance are acceptable

When asked about a situation in which a quarter of people inherit over £100,000 and a quarter inherit under £10,000 (the situation forecast for people born in the 60s), people aged over 65 are three times as likely as those aged 18-24 to think this is completely fine (see Fig. 22). This latter age group is the only one more likely to say the inequality is either completely or fairly unacceptable than completely or fairly fine.

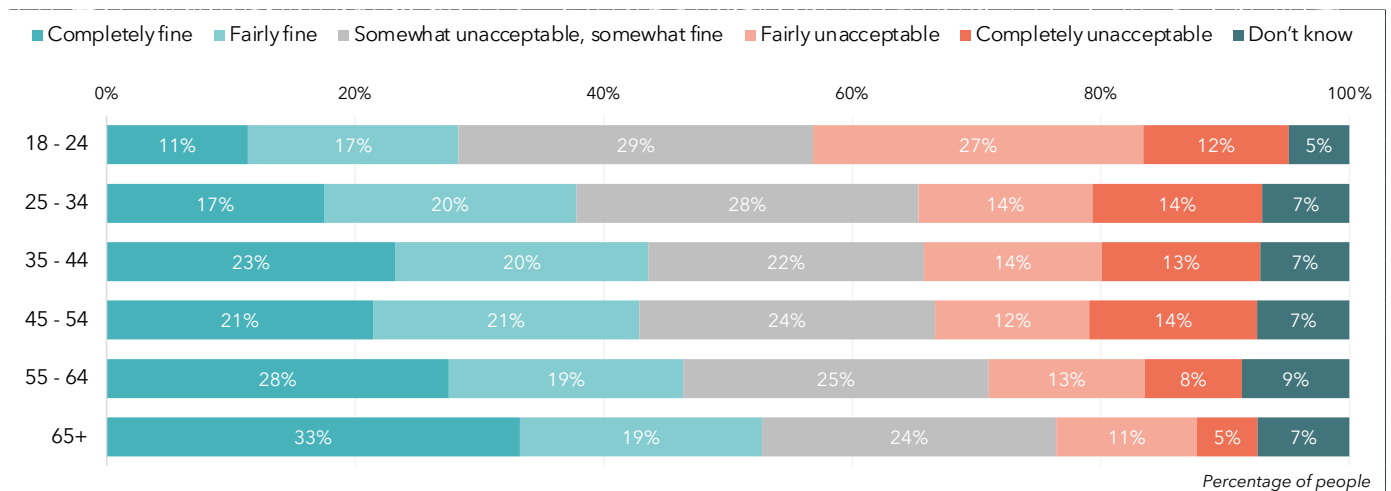
While older people may have many distinct experiences that could drive this difference, there are also key experiences of inheritance that come with age. In particular, older people are more likely to have inherited already or inherit in the near future (the average age to inherit currently is between 55 and 64) and to have higher amounts of wealth.^{29, 30}

29 ONS *Intergenerational transfers: the distribution of inheritances, gifts and loans, Great Britain: 2014 to 2016*, 30 October 2018, <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/articles/intergenerationaltransfersthedistributionofinheritancesgiftsandloans/2018-10-30>

30 ONS, *Distribution of individual total wealth by characteristic in Great Britain: April 2018 to March 2020*, 7 January 2022, <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/distributionofindividualtotalwealthbycharacteristicgreatbritain/april2018tomarch2020>

FIGURE 22

IEWS ON WHETHER IT IS FINE OR UNACCEPTABLE IF A QUARTER OF PEOPLE INHERIT UNDER £10,000 AND A QUARTER INHERIT OVER £100,000, BY AGE



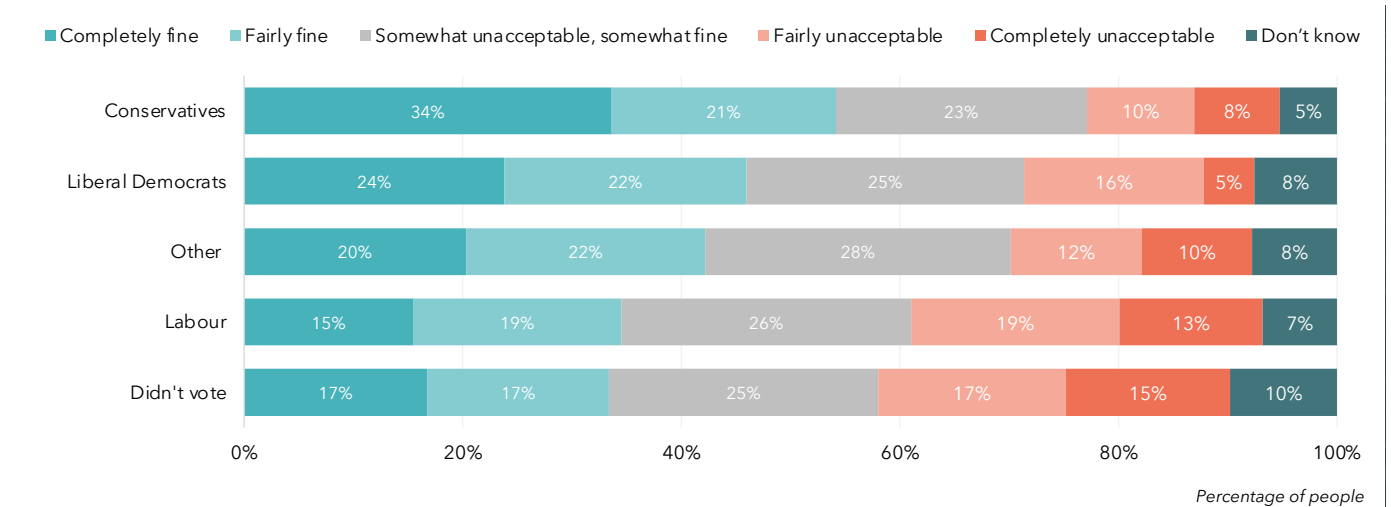
Q10. We want to know whether people think it's fine or unacceptable that some people get more inheritance and others less. To what extent do you think the following situations are fine or unacceptable? 'A quarter of people inherit under £10,000 and a quarter inherit over £100,000'. Base, all respondents (n=2,037) and A1 What is your age? Base, all respondents (n=2,037)

Conservatives are more likely to think inequalities in inheritance are acceptable

Conservative voters are over 1.6 times as likely as Labour voters to say it is acceptable for a quarter of people to inherit under £10,000 and a quarter to inherit over £100,000 (55% vs 34%). This is unsurprising, with previous research showing that Conservatives voters are generally less concerned about economic inequalities.³¹ This may also explain, in part, why Conservatives think people should be allowed to pass on much higher amounts of inheritance tax-free than other voters. Interestingly, also, those who didn't vote think inequalities in inheritance are most unacceptable.

FIGURE 23

IEWS ON WHETHER IT IS FINE OR UNACCEPTABLE IF A TENTH OF PEOPLE INHERIT NOTHING AND A TENTH INHERIT OVER £500,000, BY 2019 GENERAL ELECTION VOTE



Q10. We want to know whether people think it's fine or unacceptable that some people get more inheritance and others less. To what extent do you think the following situations are fine or unacceptable? 'A quarter of people inherit under £10,000 and a quarter inherit over £100,000'. Base, all respondents (n=2,037). And A10 Who did you vote for at the last General Election in 2019, or did you not vote? Base, all respondents (n=2,037)

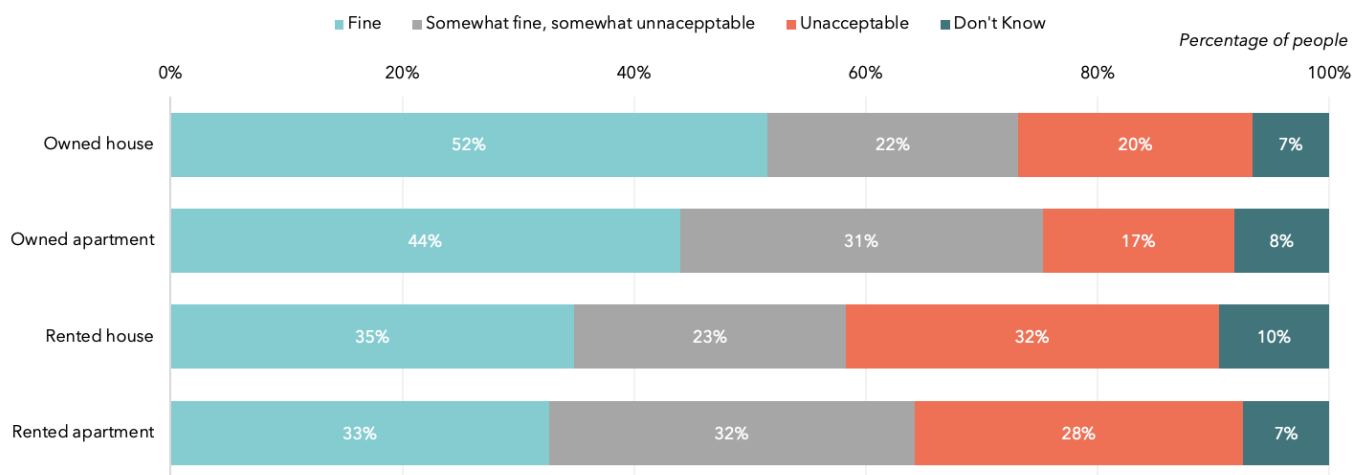
31 Benson R et al, Attitudes to inequalities, Institute for Fiscal Studies, <https://ifs.org.uk/inequality/wp-content/uploads/2021/09/Attitudes-to-inequalities.pdf>

Homeowners are more likely to think inequalities in inheritance are acceptable

People who own a house are almost 50% more likely than those who rent a house to think inequalities in inheritance are fine. Owning a home places people higher up on the wealth distribution, and makes them more likely to give bequests that put them higher up on the distribution of inheritances. It is possible this social positioning affects homeowners views on the acceptability of inequalities in inheritance.

FIGURE 24

VIEWES ON WHETHER IT IS FINE OR UNACCEPTABLE IF A QUARTER OF PEOPLE INHERIT UNDER £10,000 AND A QUARTER INHERIT OVER £100,000, BY HOUSING TENURE



Q10. We want to know whether people think it's fine or unacceptable that some people get more inheritance and others less. To what extent do you think the following situations are fine or unacceptable? 'A tenth of people inherit nothing and a tenth inherit over £500,000'. Base, all respondents (n=2,037). And Q58 What is your housing situation? Base, respondents who had pre-populated housing tenure data and who didn't respond as living on a farm, with parents, 'other' or 'prefer not to say' (n=1,346)

Section 2.2 Conclusion

People are not greatly concerned about inequalities in inheritance. While a significant number of people think they are somewhat unacceptable, in no situation of inheritance do more than a third of people say they are fairly or completely unacceptable. This applies even for the higher levels of inequality forecast for those born in the 1980s. For policymakers working to develop policies to address problems in the new age of inheritance, this implies they will not gain much public support by pointing to the levels of inequality. Other strategies, as we explore in the next section, would need to be pursued.

There are, however, higher levels of concerns among younger people, people who voted Labour or 'other' or didn't vote, and renters. This is particularly the case for the situation of inequality forecast for people born in the 1980s, whereby the bottom tenth of inheritors are expected to get under £851, but the top tenth are expected to get over £495,000. This suggests these groups may become increasingly critical of the levels of inequality in inheritance in decades to come, particularly at the margins (e.g the top and bottom tenth of inheritors).

Importantly, also, we've seen how people underestimate how unequal inheritances are expected to be in the UK. So while some people find those levels of inequality unacceptable, they are likely to underestimate the extent to which that is a problem for the UK. But if, as forecasts suggest, inequalities in inheritance do get worse, concern among these groups may grow.

SECTION 3

DRIVERS OF

ATTITUDES TO

INHERITANCE

Understanding what people think about inheritances and their inequalities can guide policymakers on which aspects of inheritance to focus on and how to frame their policies. Section 2 demonstrated that the public is more likely to support policy interventions around inheritance in relation to large amounts of money, financial assets or secondary homes, wealth that people didn't get through work, or when the recipients are high-income and high-wealth individuals. We also showed how certain framings can boost support for taxation.

Yet, to further unlock the conversation around inheritance, we need to see how people's views might shift when exposed to different arguments. By showing what impact policymakers can have upon people's attitudes, and how they need to shift the discussion to do so, we can enable policymakers who want to drive reform.

To do this, we need to understand what drives people's attitudes - in terms of the wider system of beliefs, opinions, and underlying experiences. This involves understanding both what drives people's defence of tax-free inheritance, and what drives their scepticism of it.

In doing so, we look first at how people explain their own views on inheritance. This is indicative of which arguments people consider important, and therefore indicative of where opposing arguments hoping to challenge their perspective should be directed. We find that people explain why some inheritances should be tax-free by pointing to the rights of the 'inheritance-giver' to do what they want with their wealth, citing arguments around individual freedom and the unfairness of double taxation. This perspective, which focuses on individual rights rather than concerns about certain types of inheritance or their inequalities, can help explain the absolutist stance that many people take to inheritance.

Our research finds, however, that this perspective is associated with a wider set of beliefs about wealth and the tax system. People are more likely to defend the rights of the inheritance-giver if they think wealth is mainly acquired through work, that the tax system is too complicated, that inheritance tax is hard to understand and that inheritance tax brings in a significant proportion of government funds. To the extent that people's concern for the rights of the giver rests on these wider assumptions, it can be challenged by questioning those assumptions.

We also find that people give a range of reasons when explaining why some inheritances should not be tax-free. In particular, people express concerns about certain amounts of money being tax-free, often saying these amounts are not generally needed or earned fairly. People are less likely to take this stance, however, if they think government tax and spending is less important for a good society or does not help reduce inequalities. These assumptions could also be challenged.

People’s political attitudes are also often driven by material factors which may not form part of how they articulate their views. For example, many people may not explain their opinions in terms of their socioeconomic background and financial circumstances, despite the impact these factors can have. Our research reveals that people with lower incomes and wealth, who expect to give and receive less inheritance, are more likely to say inheritances should ‘always be tax-free’ when asked about inheritance in a general sense. Yet, these groups are also more likely to think there should be a lower inheritance tax threshold. This implies that these people tend to take an absolutist stance on inheritance being tax-free unless presented with specific amounts, in which case they are more likely to support taxes. There is also a tendency among these groups to underestimate the value of inheritances and overestimate how many people have to pay inheritance tax. This may play a part in explaining these conflicting views.

3.1 HOW DO PEOPLE EXPLAIN THEIR ATTITUDES?

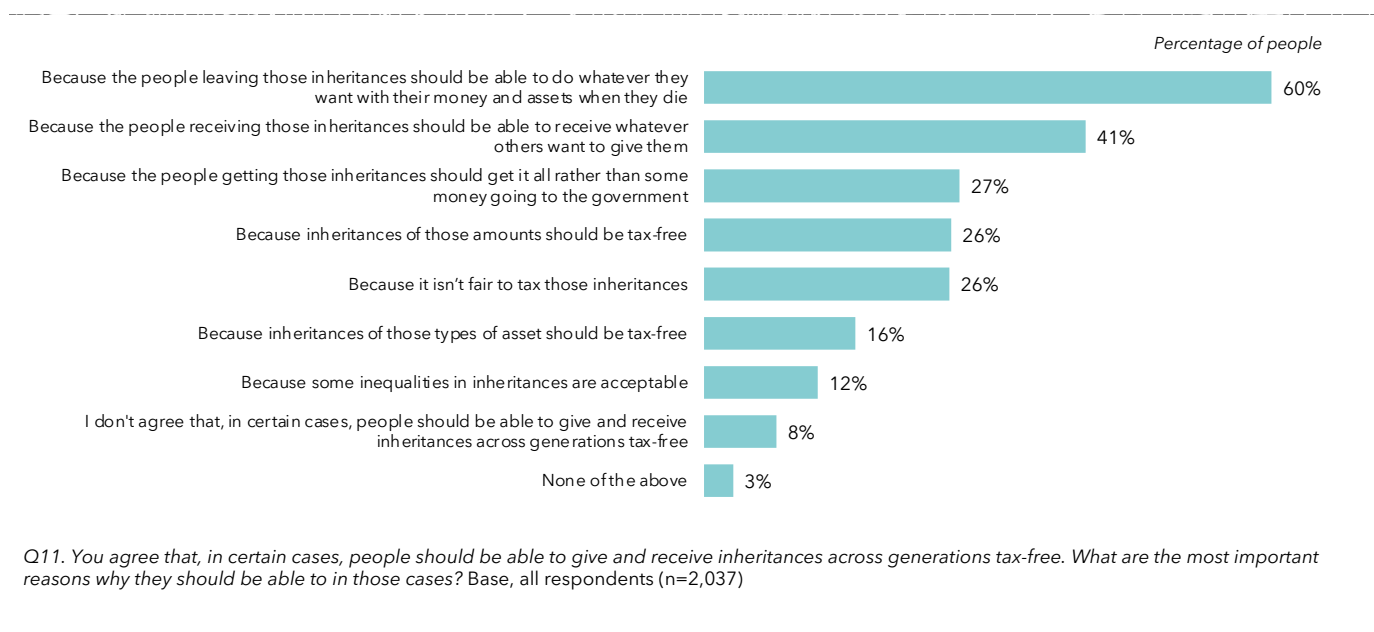
3.1.1 Support for tax-free inheritance

In explaining their support for tax-free inheritance, people point to the rights of both the giver and receiver to pass on and receive whatever they want in inheritance

FIGURE 25

VIEWS ON WHY, IN SOME OR ALL CASES, PEOPLE SHOULD BE ABLE TO PASS ON INHERITANCE TAX-FREE

[Respondents could select up to three answers]



When asked about the main (top three) reasons why people should be able to pass on inheritance tax-free, six in ten people point to the argument that the people leaving inheritances should be able to do whatever they want with their wealth when they die - 19 percentage points more than any other response. The second most common justification was that the people receiving inheritance should be able to receive whatever others want to give them. These justifications put the onus on the rights of the giver and receiver, as opposed to a concern with certain amounts of money or types of asset, or with problems with the tax or government spending.

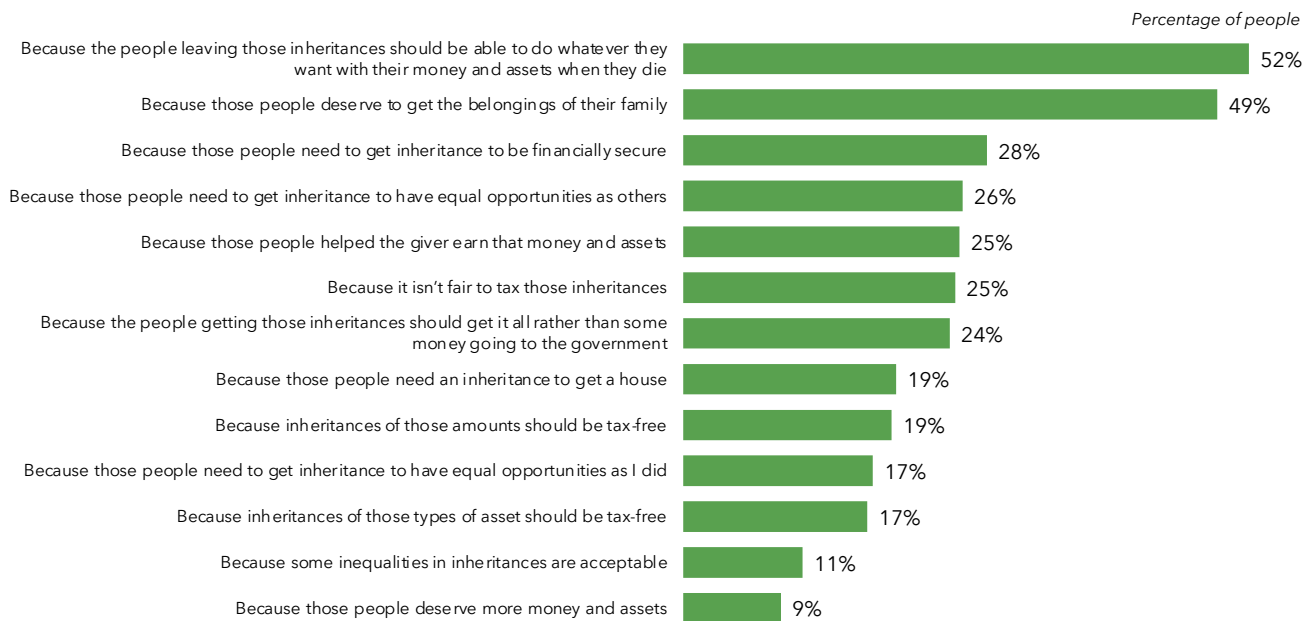
The least popular justification was to say that ‘some inequalities in inheritance are acceptable’. This contrasts to the finding that most people think inequalities in inheritance are at least somewhat fine. It seems that, while people think these inequalities are acceptable, it is not given as a driving reason why people should be able to pass on inheritance tax-free.

In defending the rights of the inheritance-receiver, people also talk about the rights of the inheritance-giver

FIGURE 26

REASONS GIVEN FOR WHY PEOPLE RECEIVING INHERITANCE SHOULD BE ABLE TO GET WHATEVER OTHERS WANT TO GIVE THEM

[Respondents could select as many answers as they choose]



Q13 To the extent that people receiving inheritance should be able to receive whatever others want to give them, why? Base, respondents who said some or all inheritance should be tax-free 'because the people leaving those inheritances should be able to do whatever they want with their money and assets when they die' (n=1,224)

When asked to justify the recipient's rights to receive inheritance, over 50% of people refer back to the givers rights to use their wealth how they wish. This indicates that people's concern for rights of the receiver is, in large part, derived from their views on the rights of the giver. This aligns with the finding that people are much more concerned about giving lots of inheritance than receiving lots of inheritance.

When justifying other views supporting tax-free inheritance, people also regularly refer back to the rights of the giver.

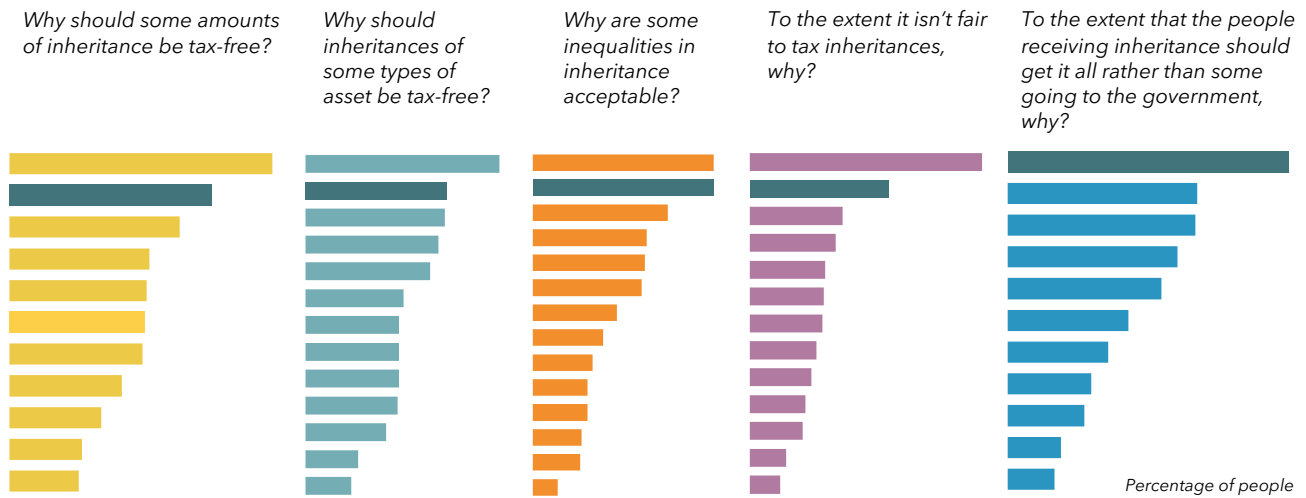
Of the five other questions asking people to justify their statements about inheritance, the statement about the giver's right to use their wealth as they wish is the most chosen response for one and the second most chosen for all others.

The rights of the giver is therefore a central node in people's system of thought about why inheritance should be tax-free. This is the case even when people justify why inheritances of certain amounts of money or types of asset should be tax-free, or why certain inequalities are acceptable - stances which might seem less related to the giver's rights.

FIGURE 27

THE PREVALENCE OF A CONCERN FOR THE GIVER'S RIGHTS IN DEFENDING OTHER STATEMENTS ABOUT INHERITANCE

[All bars in dark green represent the answer 'Because the people leaving those inheritances should be able to do whatever they want with their money and assets when they die']



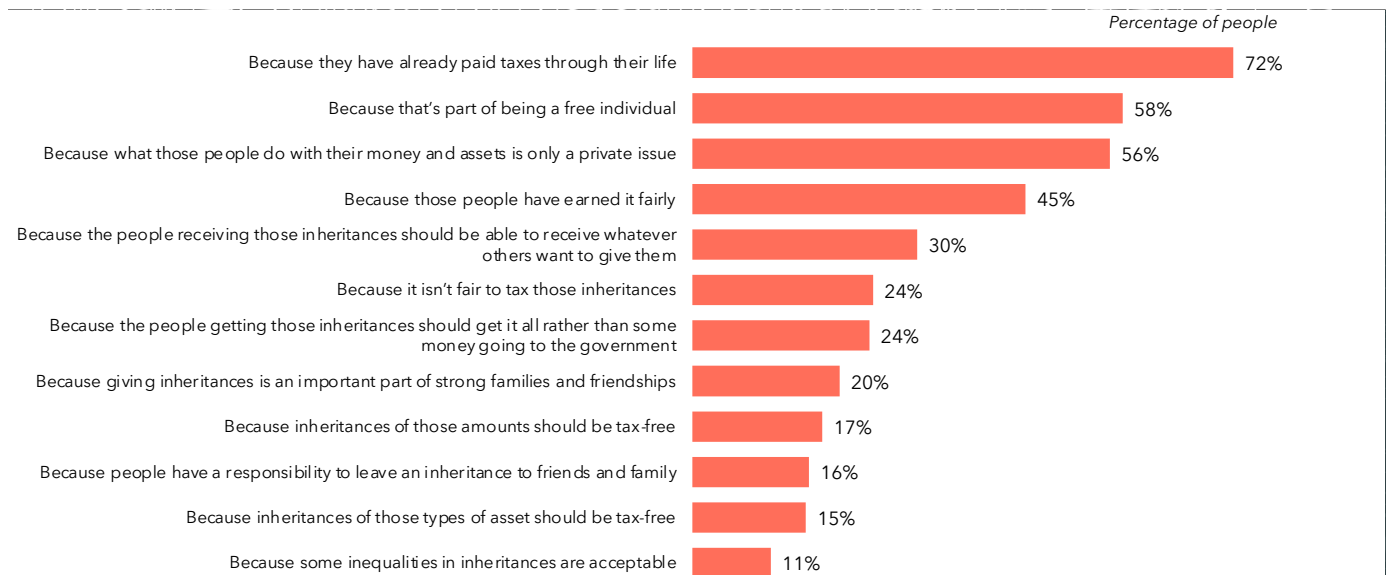
Each base is determined by the response to question 11 on why inheritance should be tax-free in some or all cases. Q14. Base, those who responded 'inheritances of those amounts should be tax-free' (n=534). Q15. Base, those who responded 'inheritances of those types of asset be tax-free' (n=324). Q16. Base, those who responded 'some inequalities in inheritance acceptable' (n=256). Q17. Base, those who responded 'it isn't fair to tax some inheritances' (n=524). Q18. Base, those who responded 'the people receiving inheritance should get it all rather than some money going to the government' (n=551).

The rights of the giver is therefore a central node in people's system of thought about why inheritance should be tax-free. This is the case even when people justify why inheritances of certain amounts of money or types of asset should be tax-free, or why certain inequalities are acceptable - stances which might seem less related to the giver's rights.

In defending the rights of the giver, people point to the fact they have already paid tax

FIGURE 28

REASONS GIVEN FOR WHY PEOPLE PASSING ON INHERITANCE SHOULD BE ABLE TO DO WHATEVER THEY WANT WITH THEIR WEALTH WHEN THEY DIE



Q12. To the extent the people leaving inheritance should be able to do whatever they want with their money and assets when they die, why? Base, those who responded to Q11 with 'the people leaving inheritance should be able to do whatever they want with their money and assets when they die' (n=1,224).

Given the widespread focus on the rights of the giver, it is particularly important how people defend this perspective, with our survey showing that a significant majority focus on the double taxation argument. When justifying support for tax-free inheritance, a dislike of double taxation appeared as a key reason why.

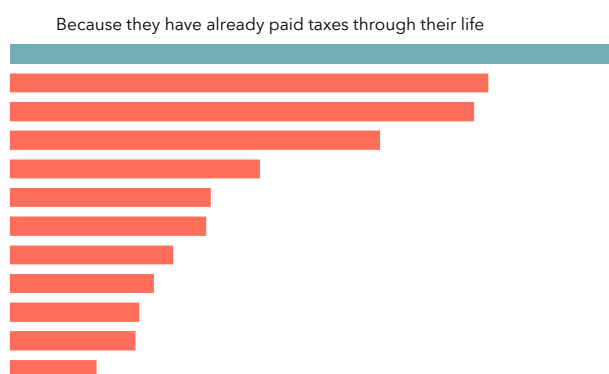
Moreover, in both questions that featured a double taxation argument, it was the most chosen response by a significant margin, suggesting there are very widespread feelings about problems with double taxation. These findings are consistent with Ansell's research which found that emphasising double taxation to people made them 10% more likely to think inheritance taxes are too high.³²

FIGURE 29

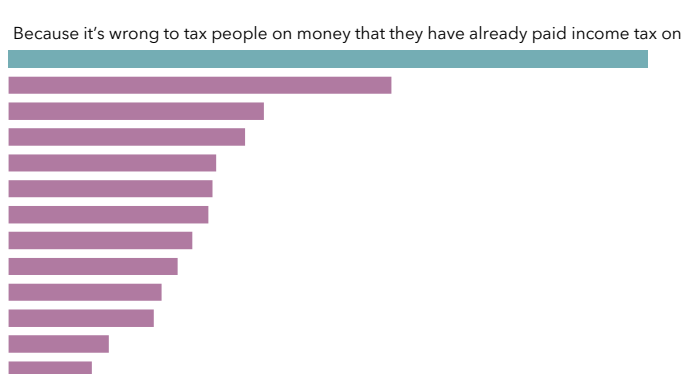
THE PREVALENCE OF A CONCERN ABOUT DOUBLE TAXATION IN DEFENDING STATEMENTS ABOUT INHERITANCE

[All bars in dark green represent the answers relating to double taxation]

Q14 Why should some amounts of inheritance be tax-free?



Q17 To the extent it isn't fair to tax inheritances, why?



Each base is determined by the response to question 11 on why inheritance should be tax-free in some or all cases.

Q14. Base, those who responded 'inheritances of those amounts should be tax-free' (n=534). Q17. Base, those who responded 'it isn't fair to tax some inheritances' (n=524).

In defending the rights of the giver, people also regularly refer to individual liberties and privacy

As shown in Fig. 29, over 58% of respondents say the inheritance-giver's rights are part of being a free individual, and 56% say it is a private issue. These responses emphasise how people distinguish themselves as individuals, separate in important ways from wider society. This is consistent with the finding that the UK public place comparatively high importance on individualism, and the finding that, globally, individualistic attitudes are associated with increased opposition to government intervention in people's lives.^{33, 34}

These values may seem hard to shift as they reflect deeply held principles. Yet, researchers have recorded significant changes in the level of individualism within societies in recent decades (although they found that the UK has become more individualistic in this time), and they may therefore be prone to further shifts.³⁵

Defence of tax-free inheritance is often linked both to deservingness of the individual and of the family

We have seen that, of people who say the giver has a right to use their wealth as they wish, almost half (45%) say this is the case because they earned it fairly. Furthermore, of the 26% who say certain amounts of money should be tax free, 55% say because these amounts are fairly earned (most popular answer), and of the 16% who say certain types of assets should be tax free, 49% say because these assets are fairly earned (top

32 Ansell B, *A Puzzling Inheritance*, 27 January 2023, <https://benansell.substack.com/p/a-puzzling-inheritance>

33 European Commission, *Future of Europe: Social issues*, November 2017, https://www.politico.eu/wp-content/uploads/2017/11/ebs_467_social_issues_en.pdf

34 Pitlik H and Rode M, *Individualistic Values, Institutional Trust, and Interventionist Attitudes*, 21 March 2016, <https://www.econstor.eu/bitstream/10419/156663/1/862533155.pdf>

35 Santos H, Varnum M and Grossmann I, *Global Increases in Individualism*, *Psychological Science*, 28(9), 1228–1239, 13 July 2017, <https://doi.org/10.1177/0956797617700622>

answer). This corresponds with our finding that people are more likely to think inheritance should be tax-free if given by those who built up wealth through work.

Our survey also finds that much of the public see family members as deserving their family's wealth inheritances. As shown in Fig. 27, of those who believe that the people receiving inheritance should be able to get whatever others want to give them, 49% say this is because those people deserve to get the belongings of their family. Simultaneously, just 9% of that group say receivers 'deserve more money and assets'. This shows that most people think the family deserves the inheritance specifically because of that family relationship, as opposed to deserving the wealth for other reasons.

It is interesting that the public place importance both on the inheritance-giver earning their wealth fairly and the receiver deserving the wealth of their family. The former suggests that an individual's rights over their property are justified by their work. The latter, in contrast, suggests that families have some rights over this property, as justified by their family relation. And importantly, many people agree with both at the same time. Taking the people who defend the rights of the inheritance-giver on the basis that they earned it fairly, 70% of them, when defending the rights of the inheritance-receiver, say they deserve to get the belongings of their family (compared to just 49% of all respondents). This suggests people who believe hard work justifies property rights are significantly more likely to think family relations also justify property rights. These may be joined up under the idea that the property rights that an individual acquires through work can be extended to the family. Taxing inheritance could be seen as an abuse of both of these rights at the same time.

Importantly, though, of those who say people should be able to use their wealth as they wish at death, just 20% say this is because of 'the importance of inheritance for strong families and friends', and just 16% pointed to the idea that 'people have a responsibility to leave inheritance to their friends and family' (see Fig. 29). This suggests that the relationship between giver and receiver of inheritance is not generally seen as a responsibility of the former to the latter. Instead, it is understood as a shared right to the property.

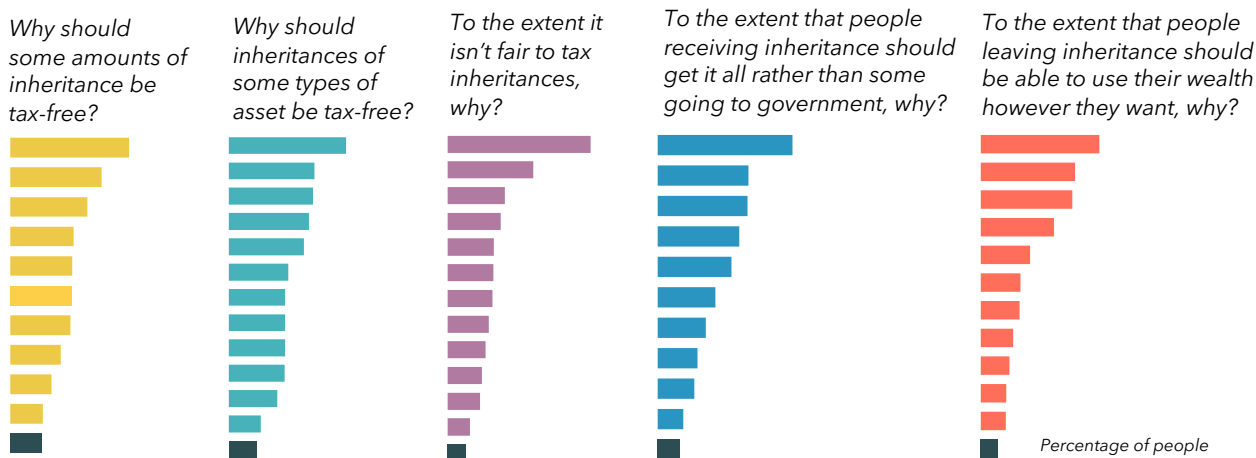
The public rarely ground their support for tax-free inheritances in the fairness of inequality

When asked why some inheritances should be tax-free, the least popular response was 'because some inequalities in inheritance are acceptable'. This response was also the least popular option in five of the other six questions where it appears as an option - averaging just 12%. This may be surprising given that, when we asked people about specific examples of inequalities in inheritance, around 40% of people say each was either completely or fairly fine. It seems that, while people think inequalities are generally acceptable, this is not driving their view that inheritance should be tax-free.

FIGURE 30

THE PREVALENCE OF AN ACCEPTANCE OF INEQUALITY IN DEFENDING OTHER STATEMENTS ABOUT INHERITANCE

[All bars in dark green represent the answer 'Because some inequalities in inheritance are acceptable']



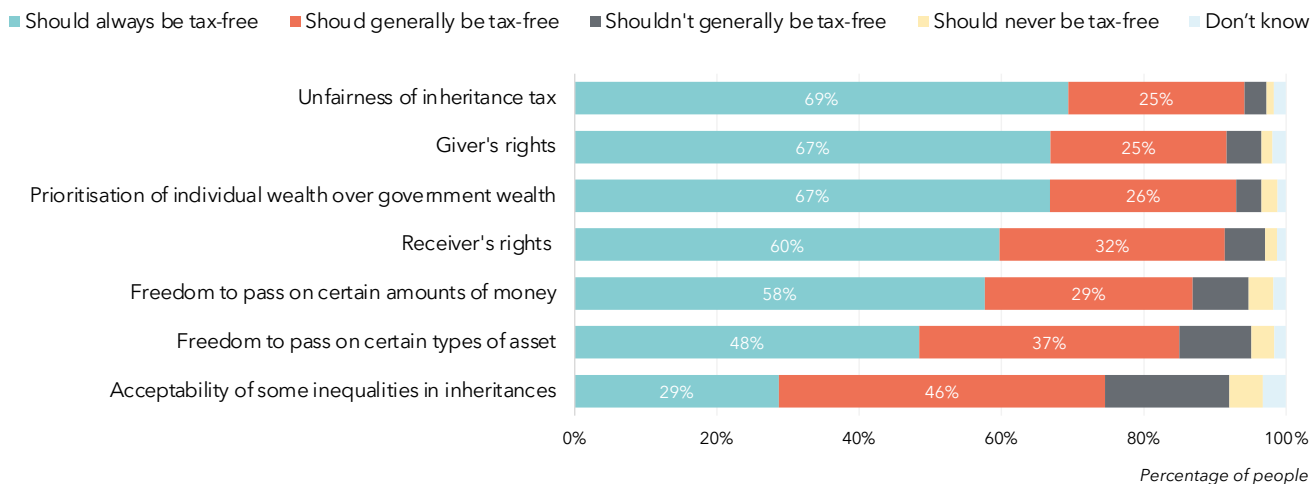
Each base is determined by the response to question 11 on why inheritance should be tax-free in some or all cases. Q14. Base, those who responded 'inheritances of those amounts should be tax-free' (n=534). Q15. Base, those who responded 'inheritances of those types of asset be tax-free' (n=324). Q17. Base, those who responded 'it isn't fair to tax some inheritances' (n=524). Q18. Base, those who responded 'the people receiving inheritance should get it all rather than some money going to the government' (n=551). Q12 Base, those who responded 'the people leaving inheritance should be able to do whatever they want with their money and assets when they die' (n=1,224).

Those whose explain their support for tax-free inheritance in terms of the giver's rights and inheritance tax tend to take a more absolutist stance

Of those who say some inheritance should be tax-free because the people leaving it should be able to use their wealth as they wish, two thirds say inheritance should always be tax-free. Similar proportions take the absolutists stance among those who say inheritance tax isn't fair or that inheritance should go to individuals rather than the government. In contrast, of those who emphasise the freedom to pass on certain amounts of money, just 58% take the absolutist stance. This figure is just 48% of those who emphasise the freedom to pass on certain types of asset, and just 29% of those who say some inequalities are acceptable.

FIGURE 31

VIEWS ON THE EXTENT TO WHICH INHERITANCE SHOULD BE COMPLETELY TAX-FREE, BY REASONS GIVEN WHY SOME INHERITANCE SHOULD BE TAX-FREE



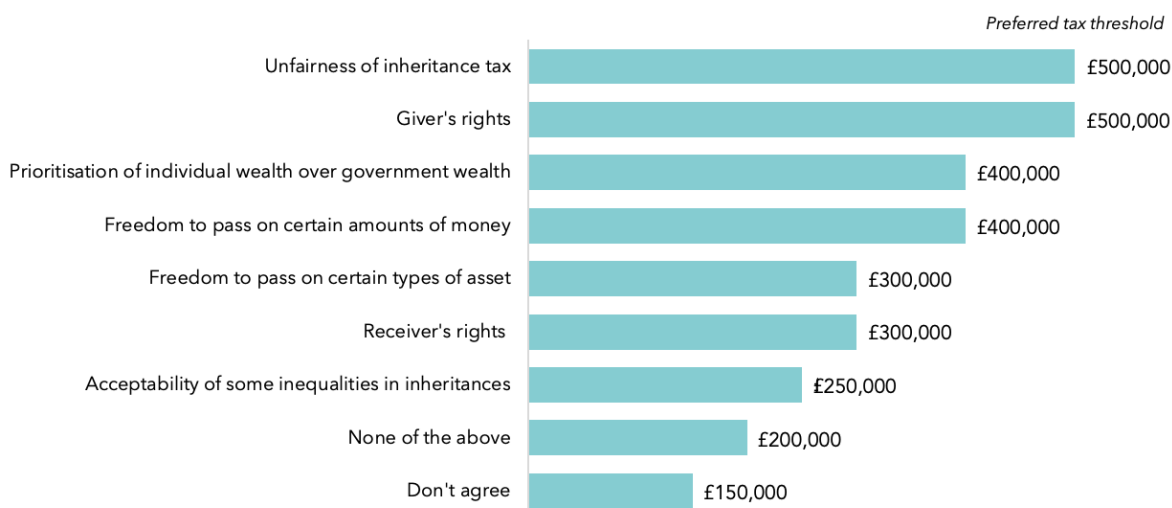
Q4. Which of the following do you most agree with? Base, all respondents (n=2,037). And Q11 You agree that, in certain cases, people should be able to give and receive inheritances across generations tax-free. What are the most important reasons why they should be able to in those cases? Base, all respondents (n=2,037)

This suggests the absolutist stance on inheritance (that it should always be tax-free) is associated with beliefs in the unfairness of inheritance tax, the rights of the inheritance-giver, and the prioritisation of individual wealth over government wealth. This intuitively makes sense, as these three beliefs do not vary significantly between different types of inheritance. People may then tend to oppose inheritance tax in all cases. In contrast, if people are mainly concerned about certain amounts of money or types of assets being taxed, they may still support inheritance tax for other amounts of money or types of assets.

Those whose explain their support for tax-free inheritance in terms of the giver's rights also tended to support higher tax-free allowances for inheritances and gifts

FIGURE 32

MEDIAN DESIRED TAX-FREE ALLOWANCE, BY REASON GIVEN FOR SUPPORTING TAX-FREE INHERITANCE



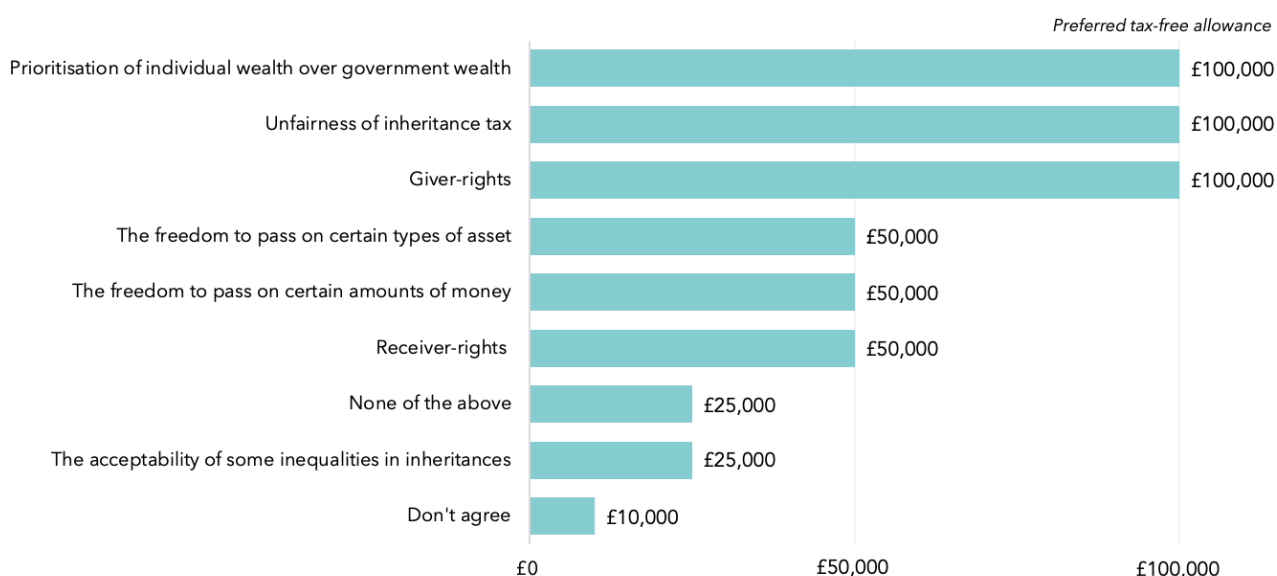
Q5 Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Any more than this amount, a portion would be paid in tax, Base, all respondents other than those responding 'don't know' (n=1,955). And Q11. You agree that, in certain cases, people should be able to give and receive inheritances across generations tax-free. What are the most important reasons why they should be able to in those cases? Base, all respondents (n=2,037)

Those who cite the giver's rights when defending tax-free inheritance are not only more likely to think inheritance should always be tax-free. Of those citing the giver's rights, people (excluding 'don't knows') typically think the inheritance tax threshold should be £500,000 (compared to the average respondent saying £300,000 should be). This is two thirds more than those who cite the receiver's rights (£300,000). Those who focus on the unfairness of inheritance tax also typically think people should be allowed to pass on £500,000 in inheritance tax-free.

People who cite the giver's rights also tend to think the tax-free allowance on gifts should be higher. This group - as well as those citing concerns about the unfairness of inheritance tax or prioritising individual wealth over government wealth - typically say (excluding 'don't knows') that people should be able to receive £100,000 in gifts throughout their lifetime tax-free, but tax should be due for amounts higher than this. This is double the amount that people who cite the receiver's rights typically say. Concern for the giver's rights over their wealth or the unfairness of inheritance tax may therefore be driving people to think more inheritance should be tax-free, whereas concern for the receiver's rights doesn't drive it to such an extent.

FIGURE 33

MEDIAN DESIRED TAX-FREE ALLOWANCE ON GIFTS, BY REASON GIVEN FOR SUPPORTING TAX-FREE INHERITANCE



Q51 We want to understand how much people think others should be able to receive in gifts throughout their lifetime without paying any tax. Around what amount of gifts worth over £500 do you think people should generally be able to receive, in total throughout their life, tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,885). And Q11. You agree that, in certain cases, people should be able to give and receive inheritances across generations tax-free. What are the most important reasons why they should be able to in those cases? Base, all respondents (n=2,037)

3.1.2 Drivers of support

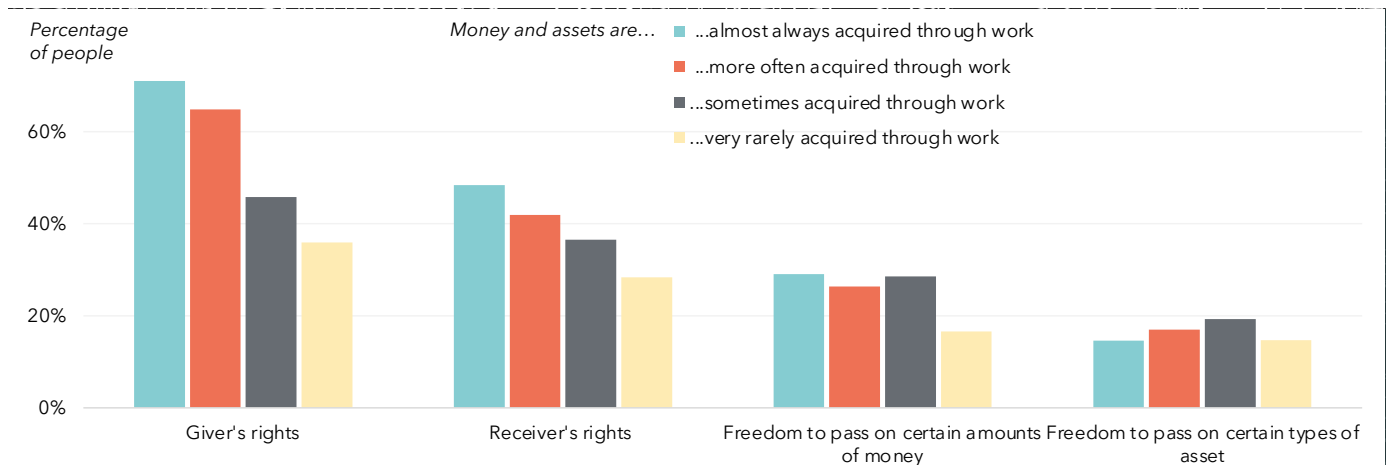
We have seen how a concern for the rights of the inheritance-giver is central to people's reasoning on why some inheritances should be tax-free. Navigating that concern may seem challenging to policymakers. To address concerns about certain low amounts of money or types of asset being taxed, policymakers can design policies that avoid these types of inheritance. A similar solution does not exist for those who believe the inheritance-giver should be able to use their wealth as they wish.

This is particularly the case given that this view is often based on concerns around double taxation, individual liberties and privacy. For example, to address concerns about low amounts of inheritance or low-income recipients being taxed, policymakers can avoid targeting those specific inheritances. In contrast, the vast majority of people leaving inheritance will have paid income tax during their life, meaning the double taxation argument can be applied to most cases of inheritance taxation. Arguments around individual liberty and privacy can equally be applied to most, if not all, inheritances.

However, we find that people's concern for the rights of the giver, as well as their concerns about double taxation, individual liberties and privacy, are associated with a wider set of beliefs. This includes beliefs around the extent to which 1) wealth is acquired through work rather than other ways, 2) the tax system is too complicated, 3) inheritance tax is easy to understand, and 4) inheritance tax provides a significant portion of government funds. Policymakers may be able to increase public support for their policies on inheritance by engaging in the debate around these issues.

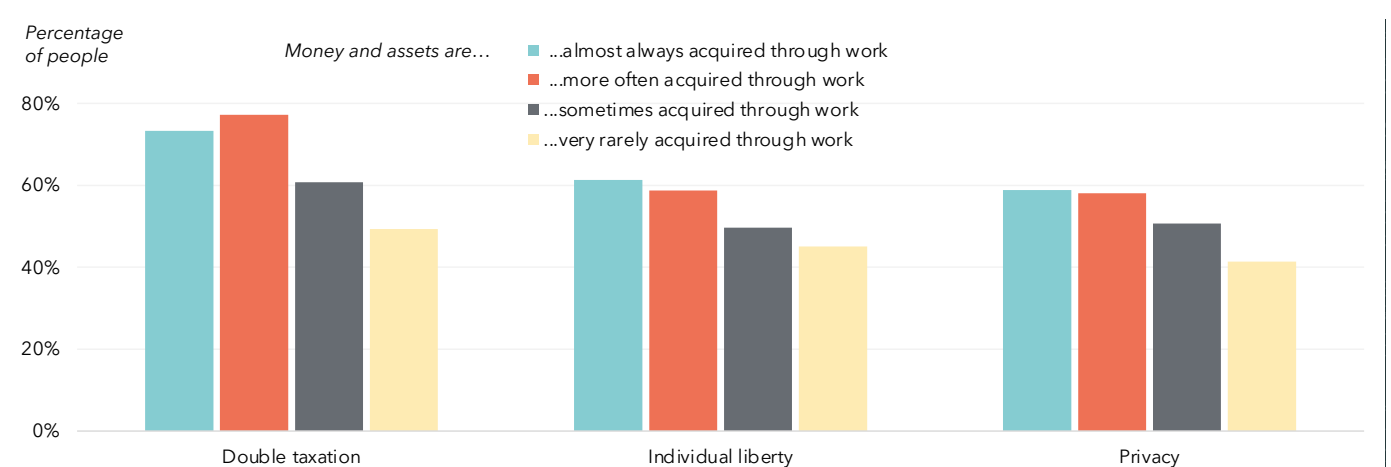
People are more likely to care about the inheritance-giver's rights if they think wealth is generally acquired through work

As Fig. 34 shows, people who say wealth is almost always or more often acquired through work are significantly more likely to say the inheritance-giver should be able to use their wealth as they wish. Those who say wealth is almost always acquired through work are 1.5 times as likely to use this argument than those who say it is sometimes acquired through work, and twice as likely as someone who says it is very rarely acquired through work. Similar trends hold for the inheritance-receiver, but they do not for arguments around the freedom to pass on certain amounts of money.

FIGURE 34**EXTENT OF CONCERN FOR THE RIGHTS OF THE INHERITANCE-GIVER, BY VIEWS ON WHETHER WEALTH WAS ACQUIRED THROUGH WORK**

Q11. You agree that, in certain cases, people should be able to give and receive inheritances across generations tax-free. What are the most important reasons why they should be able to in those cases? Base, all respondents (n=2,037). And Q38. Which of the following statements do you most agree with most? [in the form 'Money and assets are almost always acquired through work, and very rarely acquired in other ways']. Base, all respondents (n=2,037)

Research shows, however, that most of the gains in wealth over the past decade have been 'passive' (e.g. coming from increased asset prices) rather than 'active' (from increased saving).³⁶ Policymakers may be able to mitigate these concerns both in designing and in framing their policies. Policies could be designed, for example, to specifically target inheritances made of wealth acquired through capital gains. Policymakers could also frame inheritance policies as responding to the fact that large amounts of wealth are not acquired through work.

FIGURE 35**EXTENT OF CONCERN ABOUT DOUBLE TAXATION, INDIVIDUAL FREEDOMS AND PRIVACY, BY VIEWS ON WHETHER WEALTH WAS ACQUIRED THROUGH WORK**

Q12 To the extent the people leaving inheritance should be able to do whatever they want with their money and assets when they die, why? Base, respondents who said some or all inheritance should be tax-free 'because the people leaving those inheritances should be able to do whatever they want with their money and assets when they die' (n=1,224). And Q38. Which of the following statements do you most agree with most? [in the form 'Money and assets are almost always acquired through work, and very rarely acquired in other ways']. Base, all respondents (n=2,037).

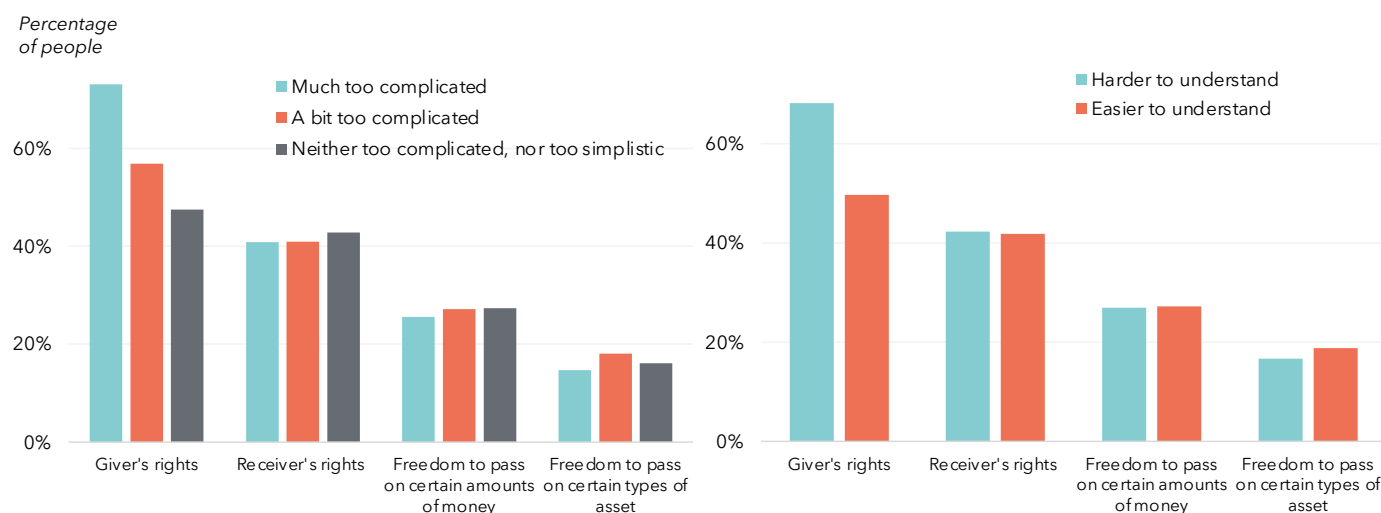
36 Advani A, Bangham G and Leslie J, *The UK's wealth distribution and characteristics of high wealth households*, Resolution Foundation, December 2020, <https://www.resolutionfoundation.org/app/uploads/2020/12/The-UKs-wealth-distribution.pdf>

These arguments may also be used to directly tackle beliefs around double taxation, individual freedoms or privacy. Even among those who place importance on the giver's rights, those who think wealth is generally acquired through work are more likely to cite these defences. As shown in Fig. 35, of those who say wealth is more often acquired through work than via other ways, when explaining why the inheritance-giver has a right to use their wealth as they wish, 77% cite double taxation, 61% cite concerns about individual liberty and 59% cite concerns about privacy. Yet, for those who say wealth is very rarely acquired through work, these figures are just 49%, 45%, and 41% respectively. These concerns may therefore rest, in part, on the premise that wealth is generally acquired through work. Again, emphasising that the prevalence of wealth that isn't acquired through work may help may help policymakers to mitigate these.

People are more likely to care about the inheritance-giver's rights if they think the tax system is too complicated and inheritance tax is hard to understand

As the left panel on Fig. 36 shows, people who say the tax system is much too complicated are over 1.5 times as likely as someone who says the tax system is neither too complicated nor too simplistic, and 1.3 times as likely than someone who says it is a bit too complicated. As the right panel shows, those who say inheritance tax is harder to understand than income tax are almost 1.4 times as likely to express concerns about the giver's rights. These trends do not hold for other concerns (e.g about the receiver's rights or the freedom to pass on certain amounts of money or types of asset).

FIGURE 36
 ARGUMENTS USED TO DEFEND TAX-FREE INHERITANCE, BY VIEWS ON THE WHETHER THE TAX SYSTEM IS TOO COMPLEX (LEFT PANEL) AND WHETHER INHERITANCE TAX IS HARDER TO UNDERSTAND THAN INCOME TAX (RIGHT PANEL)

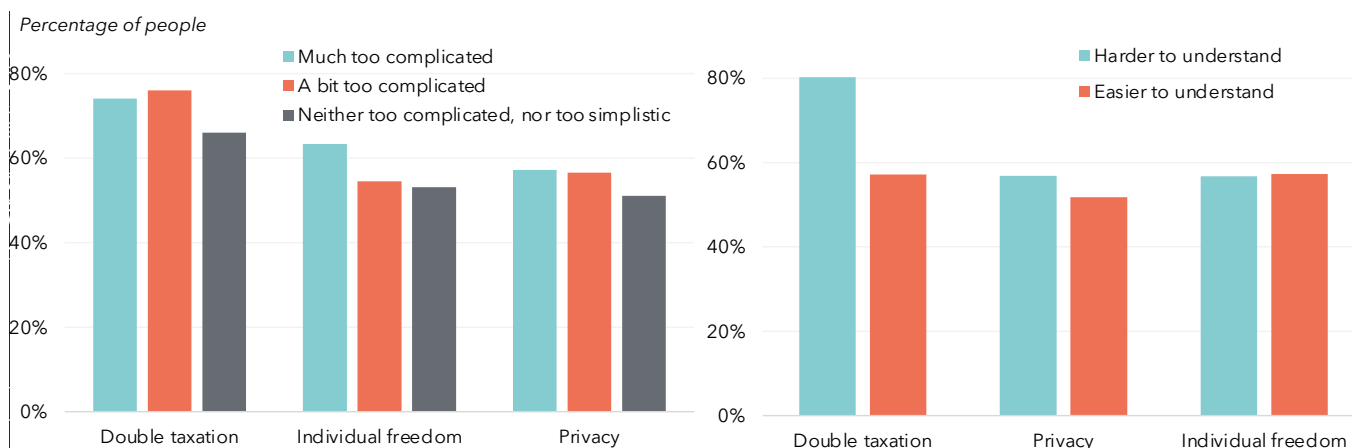


Q11. You agree that, in certain cases, people should be able to give and receive inheritances across generations tax-free. What are the most important reasons why they should be able to in those cases? Base, all respondents (n=2,037). And on the left panel Q47 Which of the following statements do you most agree with? [In the form 'The UK tax system is much too complicated']. Base, all respondents (n=2,037). Responses of the UK tax system being 'a bit too simplistic' or 'much too simplistic' are removed because the response rate was too low. And on the right panel Q46. We want to understand how easy or hard people find it to understand different taxes. To what extent do you agree or disagree with the following statements? [In the format 'Income tax is harder to understand than inheritance tax']. Base, all respondents (n=2,037).

This shows that people's concern specifically about the right of the inheritance-giver is associated with a view that the tax system is too complicated, and that inheritance tax is hard to understand within that. For policymakers who may seek to develop policies on inheritance, this opens the space to mitigate people's concerns. By designing policies on inheritance that are easy to understand and are seen at least as not contributing to tax system complexity - and at best helping simplify the tax system - policymakers may be able lessen people's sense that the giver of inheritance should always be able to use their wealth as they wish.

FIGURE 37

EXTENT OF CONCERN ABOUT DOUBLE TAXATION, BY VIEWS ON WHETHER THE TAX SYSTEM IS TOO COMPLEX (LEFT PANEL) AND WHETHER INHERITANCE TAX IS HARDER TO UNDERSTAND THAN INCOME TAX (RIGHT PANEL)



Q12 To the extent the people leaving inheritance should be able to do whatever they want with their money and assets when they die, why? Base, respondents who said some or all inheritance should be tax-free 'because the people leaving those inheritances should be able to do whatever they want with their money and assets when they die' (n=1,224). And on the left panel Q47 Which of the following statements do you most agree with? [In the form 'The UK tax system is much too complicated']. Base, all respondents (n=2,037). Responses of the UK tax system being 'a bit too simplistic' or 'much too simplistic' are removed because the response rate was too low'. And on the right panel Q46. We want to understand how easy or hard people find it to understand different taxes. To what extent do you agree or disagree with the following statements? [In the format 'Income tax is harder to understand than inheritance tax']. Base, all respondents (n=2,037)

Again, these strategies may also be used to directly tackle arguments around double taxation, individual freedoms or privacy - although to a lesser degree strategies to emphasise the prevalence of wealth not acquired through work. As the left panel on Fig. 37 shows, of those who say the tax system is much too complicated or a bit too complicated, 74% and 76% respectively cite concerns about double taxation. Yet, those who say the tax system is neither too complicated nor too simplistic, 66% do. These are small differences, but they are indicative that beliefs about tax system complexity may play a small part in people's concerns about double taxation. Similar small associations are seen between the belief that the tax system is too complicated and concerns about individual freedoms and privacy.

As the right panel shows, of those who say inheritance tax is harder to understand than income tax, 80% cite concerns about double taxation. Of those who say it is easier to understand, meanwhile, just 57% do. We found similar trends when asking people to compare inheritance tax with VAT or national insurance. This suggests people's concern about double taxation might be affected by the sense that inheritance tax is particularly hard to understand. Again, there may therefore be space for policymakers to lessen these concerns by designing clever, easy to understand policies on inheritance, and communicating them effectively.

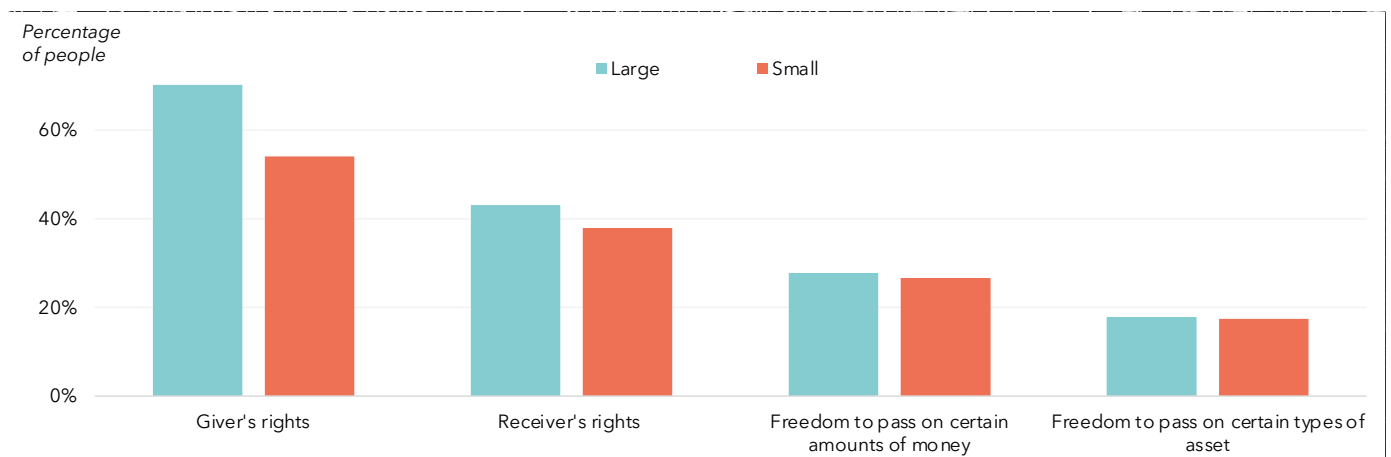
People are more likely to care about the giver's rights if they think inheritance tax brings in a large proportion of government funds

As noted earlier, people greatly overstate the extent to which inheritance tax contributes to government funds. As Fig. 39 shows, people who are more likely to overstate this are also more likely to place importance on the rights of the giver to use their wealth as they wish. Of those who say inheritance tax brings in a very or somewhat large proportion of government funds, 70% cite the giver's rights as a reason why inheritance should be tax-free. But of those who say inheritance tax brings in a very or somewhat small proportion, just 54% do.

If people think inheritance tax brings in a significant proportion of government funds, some people may focus on the fact that inheritance tax is taking a lot of money from people. People may feel this is an overreach from government, and in response, be more likely to assert that the inheritance-giver should be able to use their wealth as they wish.

FIGURE 38

ARGUMENTS USED TO DEFEND TAX-FREE INHERITANCE, BY VIEWS ON THE WHETHER INHERITANCE TAX BRINGS IN A LARGE OR SMALL PROPORTION OF GOVERNMENT FUNDS



Q11. You agree that, in certain cases, people should be able to give and receive inheritances across generations tax-free. What are the most important reasons why they should be able to in those cases? Base, all respondents (n=2,037). And Q45 Which of the following statements do you most agree with? [In the form 'Inheritance tax brings in a very large proportion of government funds']. Responses of 'very large/small' and 'quite large/small' are collated together. Base, all respondents (n=2,037)

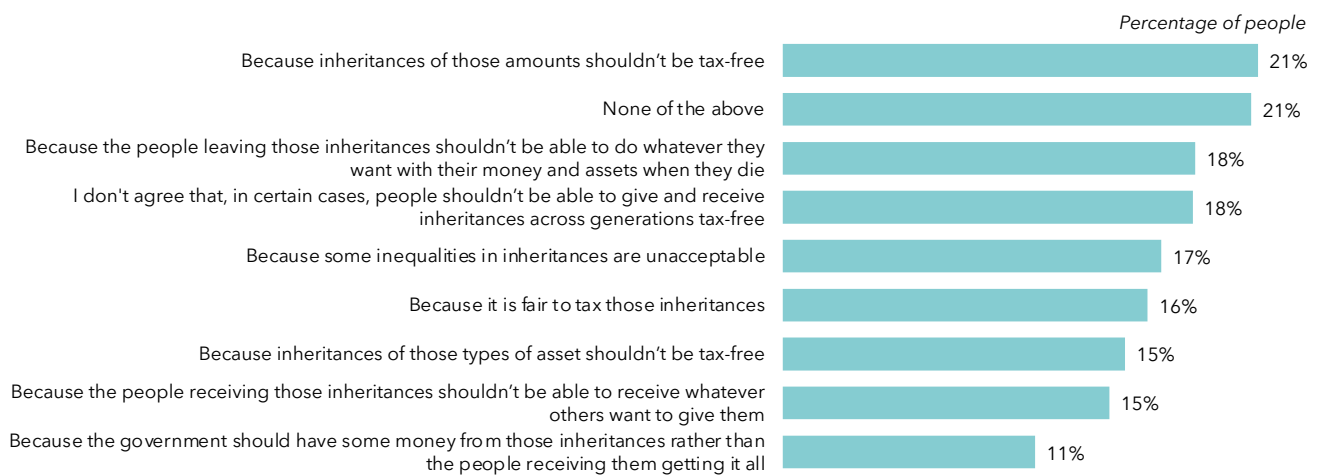
3.1.3 Scepticism about tax-free inheritance

When critiquing tax-free inheritance, people have a wider range of views than when defending it

When explaining what drives support for tax-free inheritance, respondents are significantly more likely to allude to the rights of the giver than any other option. But when considering what drives opposition to tax-free inheritance, all responses are within a 10% range of one another, suggesting concerns about tax-free inheritance are much more varied.

FIGURE 39

VIEWS ON WHY, IN SOME OR ALL CASES, PEOPLE SHOULD NOT BE ABLE TO PASS ON INHERITANCE TAX-FREE



Q19. You agree that, in certain cases, people shouldn't be able to give and receive inheritances across generations tax-free. What are the most important reasons why they shouldn't be able to in those cases? Base, all respondents (n=2,037)

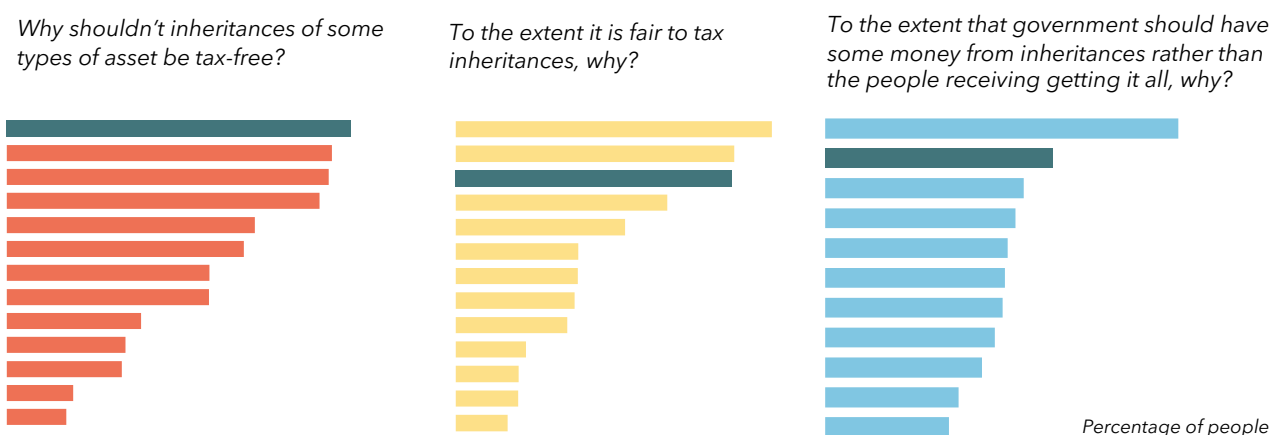
Most frequently, people refer to concerns about certain amounts of inheritance. This suggests that, while people's defence of tax-free inheritance mainly focussed on the rights of the giver and receiver, people's concerns about it are more likely to be related to features of the inheritance itself, in particular its value. This aligns with our finding in Section 2 that people are more likely to support taxing inheritances when presented with certain amounts of inheritance, which emphasises those higher values.

When justifying other concerns about tax-free inheritance, people regularly refer back to concerns about the amount of money

FIGURE 40

THE PREVALENCE OF A CONCERN ABOUT CERTAIN AMOUNT OF MONEY IN DEFENDING OTHER STATEMENTS ABOUT INHERITANCE

[All bars in dark green represent the answer 'Because inheritances of those amounts shouldn't be tax-free']



Each base is determined by the response to question 11 on why inheritance should be tax-free in some or all cases. Q22. Base, those who responded 'some types of asset shouldn't be tax-free' (n=313). Q24. Base, those who responded 'it is fair to tax some inheritances' (n=338). Q25. Base, those who responded 'the government should have some money from those inheritances rather than the people receiving them getting it all' (n=234)

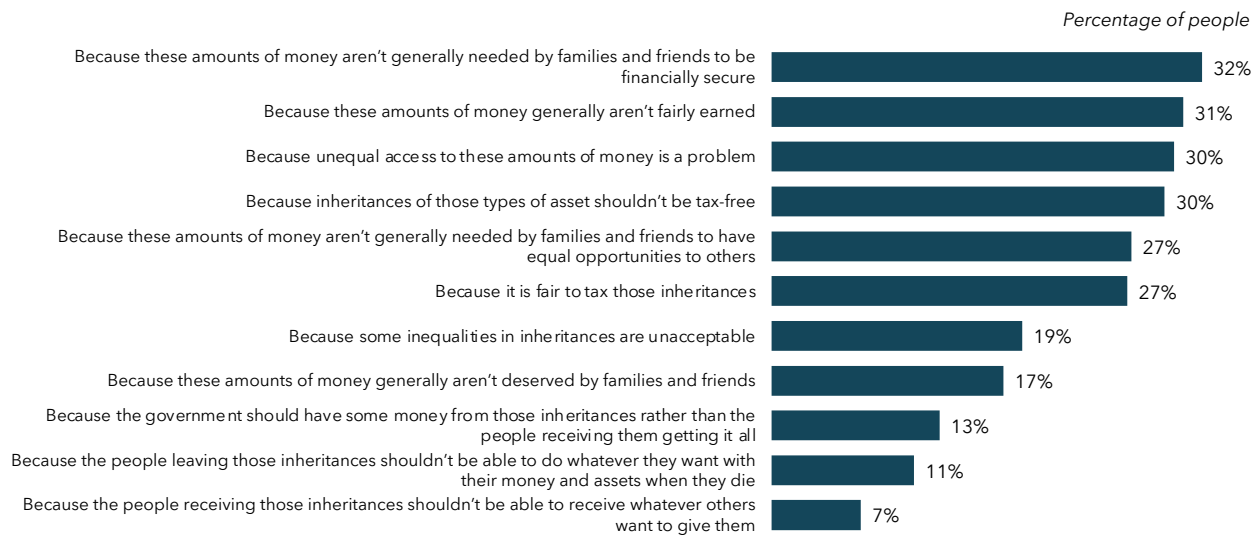
When explaining why some asset types should be tax-free, why it's fair to tax inheritances, or why the government should have some of the money from inheritance rather than the person receiving them getting it all, people regularly refer back to concerns about certain amounts of money being tax-free in inheritance. This suggests this feature of the inheritance - importantly only a feature of some particular inheritance - drives many other concerns about tax-free inheritance.

In expressing scepticism about certain amounts of inheritance being tax-free, people point to a lack of need for such amounts and lack of fairness

The public points to a range of reasons when defending their concern about certain amounts of inheritance being tax-free. Most commonly, people take issue with people getting more than they need to be financially secure. Slightly fewer take issue with people getting more than they need to have equal opportunities - suggesting people are more concerned about financial security than equal opportunities.

In contrast, very few people point to the fact that the giver or receiver of inheritance shouldn't be able to give or receive whatever they want. This suggests that people's concern with certain amounts of money centres on people's relation to those amounts of money, rather than on limitations of their rights of the giver or receiver.

Interestingly, the public are 1.5 times as likely to say unequal access to these amounts of money is a problem than to say some inequalities in inheritance are unacceptable. This suggests the inequality that people are more concerned about is inequality in access to wealth - which puts more emphasis on inequality of opportunity - as opposed to the inequality in the wealth itself - which puts more emphasis on inequality in outcome.

FIGURE 41**REASONS GIVEN FOR WHY SOME AMOUNTS OF INHERITANCE SHOULD NOT BE TAX-FREE**

Q21 Why shouldn't some amounts of inheritance be tax-free? Base, all those who responded that inheritance shouldn't, in some or all cases, be tax-free with 'because certain amounts of inheritance shouldn't be tax-free' (n=433)

3.1.4 Drivers of scepticism

We have seen how a concern about certain amounts of money being tax-free is central to people's scepticism about tax-free inheritance. Yet, given that only 22% of people said all inheritances should be tax-free regardless of the amount (as shown in Fig. 11), we may still expect more people to express this view. Policymakers looking to develop policy on inheritance may want to expand the concern about certain amounts of money being passed on tax-free in inheritance.

We find that people are more likely to express that concern if they see government tax and spending as important for a good society and helping to reduce inequalities. Policymakers looking to gain public support for their policies may therefore be able to engage in the debates surrounding these issues.

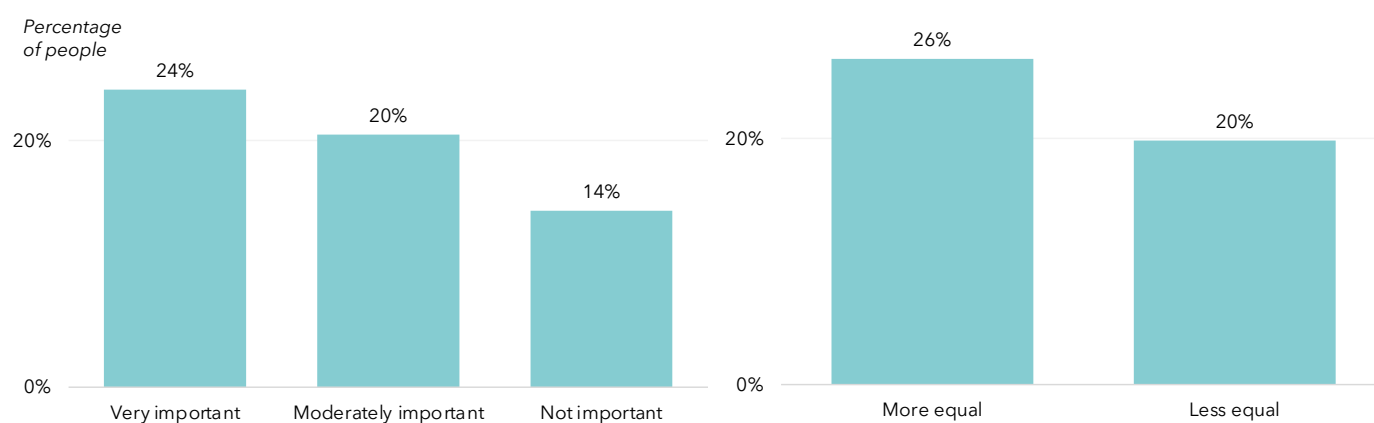
People are more likely to be sceptical about certain amounts of inheritance being tax-free if they think government spending is important for a good society

The more important people think government spending is for society, the more likely they are to say certain amounts of money shouldn't be tax-free. On the left panel we see that, of those who say government spending is very important for a good society, 24% say certain amounts of money shouldn't be tax-free. This is 1.7 times as many as those who say government spending is not important for a good society. For people who feel that government spending is important, some of them may then see high-value inheritances as a good source of revenue to fund that spending.

Equally, people are more likely to say certain amounts of money shouldn't be tax-free if they think government tax and spending helps reduce inequalities. As shown on the right panel, of those who say tax and spending makes society much more or somewhat more equal, 26% say certain amounts of money shouldn't be tax-free. This is 1.3 times as many as those who say tax and spending makes society much less or somewhat less equal. For people who think tax and spending reduces inequalities, taxing high amounts of inheritance may reflect a case whereby it serves that role. For those who are more sceptical about the ability of tax and spending to do this, they may not see it the same way.

FIGURE 42

EXTENT OF CONCERN ABOUT CERTAIN AMOUNTS OF MONEY BEING TAX-FREE, BY VIEWS ON WHETHER GOVERNMENT SPENDING IS IMPORTANT FOR A GOOD SOCIETY (LEFT PANEL) AND WHETHER GOVERNMENT SPENDING MAKES SOCIETY MORE EQUAL (RIGHT PANEL)



Q21 *Why shouldn't some amounts of inheritance be tax-free?* Base, all those who responded that inheritance shouldn't, in some or all cases, be tax-free with 'because certain amounts of inheritance shouldn't be tax-free' (n=433). And on the left panel Q49 Which of the following statements do you most agree with? [In the form 'Government spending on public services and the benefits system is very important for a good society']. Base, all respondents (n=2,037). And on the right panel Q50 Which of the following statements do you most agree with? [In the form 'Government tax and spending makes the UK much more equal']. Answers of 'much more/less equal' and 'a bit more/less equal' are collated together. Base, all respondents (n=2,037).

Section 3.1 Conclusion

The view that inheritance-givers should be able to use their wealth as they wish appears to be the most important driver of attitudes towards taxing inheritance. While the public believe that the inheritance-receiver should be able to receive what others wish to give them, we find this is derived in large part from the rights of the inheritance-giver to give what they want. Other factors - such as the acceptability of inequalities in inheritance, or of certain amounts of money or types of asset being passed on tax-free - feature less prominently in people's explanations. Those who explain their views in terms of the giver's rights are also more likely to support tax-free inheritance than those who explain their views in terms of the receiver's rights or in terms of concerns about certain amounts of money or types of assets.

Those who care about the giver's rights generally explain their reasoning with concerns about double taxation, as well as the abuse of individual liberties and privacy. Unlike concerns about certain amounts of money, types of asset, inequalities, or issues with inheritance tax or government spending, these concerns can be applied to all inheritances. Factors like individual liberty and privacy may also reflect deep-rooted individualism in the UK. This could make it hard for policymakers to develop policy interventions into inheritance that avoid these concerns.

Yet, policymakers may be able to mitigate the concern for the giver's rights through strategic design, communication and framing of policy. For example, policies that target inheritances made up of wealth acquired through capital gains, rather than work, may not be seen as infringing on the giver's rights. Policies that have a simple rationale - communicated in simple terms so as not to be seen as contributing to tax system complexity - may also be more popular among the public. The policy debate could also be framed in certain ways. If policymakers can effectively emphasise the prevalence of wealth acquired through means other than work, or the small amount of wealth currently taken in inheritance tax, this may mitigate concerns about inheritance policies infringing on the rights of the giver.

We also find that the public's support for taxing inheritance scepticism is grounded in a much broader range of views. Most commonly, people are concerned about certain amounts of money being passed on tax-free, particularly because people will not deserve or need those amounts or assets. This further implies that policy interventions that explicitly target particularly high inheritances would be more effective at garnering public support. As we show, combining these with arguments about the importance of government spending and the ability of tax and spending to reduce inequalities may also raise public support for taxing inheritance.

3.2 HOW DO ATTITUDES RELATE TO SOCIOECONOMIC STATUS?

There is an assumption that people's attitudes to inheritance are not driven by economic self-interest.³⁷ This has been supported by previous research, which suggests those least likely to be affected by inheritance tax are at least as opposed - if not more opposed - to the tax.³⁸ This plays a part in locking in the debate, as it suggests policymakers cannot appeal to people's economic self-interest around inheritance policy and expect to garner public support.

In this section, we provide a deep dive into whether this assumption is correct.

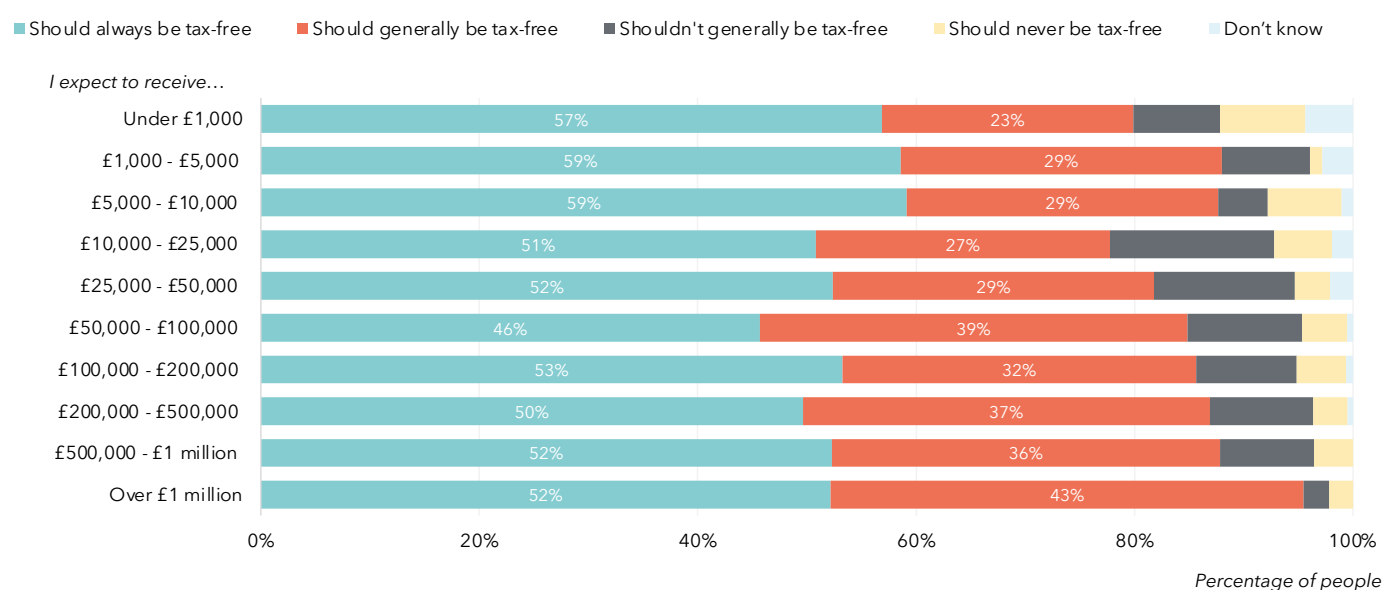
3.2.1 Socioeconomics and support for tax-free inheritance

Those expecting to give less inheritance are more likely to say inheritance should always be tax-free, but no more likely to say it should generally be tax-free

Of those who expect to give under £10,000, an average of 58% say inheritance should always be completely tax-free. Meanwhile, of those expecting to give over £500,000, an average of just 52% do. These differences show the opposite trend that we might expect. Rational choice theory suggests those most at risk of incurring costs due to inheritance tax (i.e. those expecting to receive higher amounts) would be more opposed to taxing it.³⁹

FIGURE 43

EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE, BY AMOUNT RESPONDENT EXPECT TO GIVE IN INHERITANCE



Q4. Which of the following do you most agree with? [In the form 'People [should always/should generally/shouldn't generally/should never] able to pass on inheritance to younger generations completely tax-free]. Base, all respondents (n=2,037). And Q29. How much inheritance do you expect to receive from older generations throughout your life, including what you've already received? Select the estimated value Base, all respondents (n=2,037).

Importantly, however, those expecting to give and receive larger inheritance, while less likely to say inheritance should always be tax-free, tend to be more likely to say it generally should be tax-free. When taking those who say it should always be tax-free alongside those saying it generally should be, there is no relationship with inheritance expectations. This suggests that, while those expecting to give less inheritance are more likely to have an absolutist opposition to taxing inheritance, they are no more likely to oppose

37 'A hated tax but a fair one', *The Economist*, 23 November 2017, <https://www.economist.com/leaders/2017/11/23/a-hated-tax-but-a-fair-one>

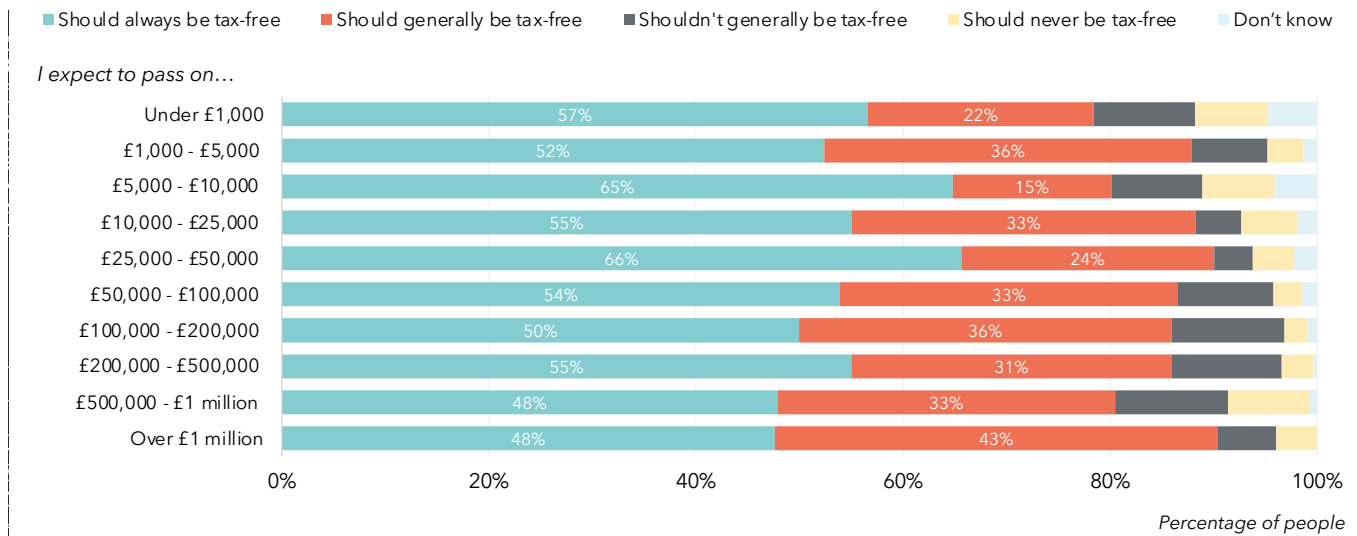
38 Prabhakar R, Rowlingson K and White S, How to Defend Inheritance Tax, 1 April 2008, <https://fabians.org.uk/wp-content/uploads/2008/04/HowtoDefendInheritanceTax.pdf>

39 Lockert M and Suarez J, 'Rational choice theory: A school of thought that predicts economic and social behaviors', *Business Insider*, 15 September 2022, <https://www.businessinsider.com/personal-finance/rational-choice-theory?>

generally taxing inheritance.

This relationship also holds when comparing views on tax-free inheritance with how much inheritance people expect to receive, but to a lesser extent. For people who expect to receive under £10,000 in inheritance throughout their lifetime, between 57% and 59% say inheritance should always be completely tax-free. In contrast, of those expecting to receive over £100,000, between 50% and 53% say inheritance should always be tax-free. Again, however, once we include those who say inheritance should generally be tax-free, the relationship becomes less clear.

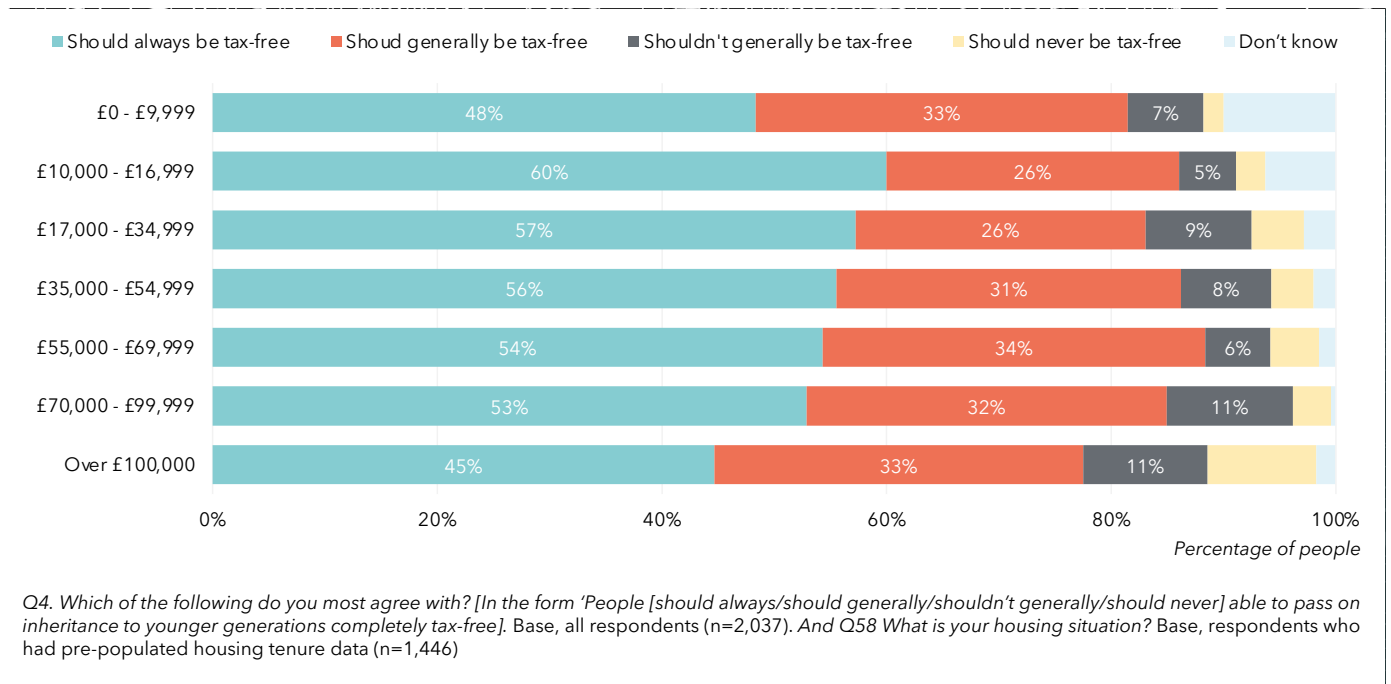
FIGURE 44
EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE, BY AMOUNT RESPONDENT EXPECT TO RECEIVE IN INHERITANCE



Q4. Which of the following do you most agree with? [In the form 'People [should always/should generally/shouldn't generally/should never] able to pass on inheritance to younger generations completely tax-free]. Base, all respondents (n=2,037). And Q27. How much inheritance do you expect to give to younger generations (e.g. children or grandchildren) when you die? Select the estimated value. Base, all respondents (n=2,037)

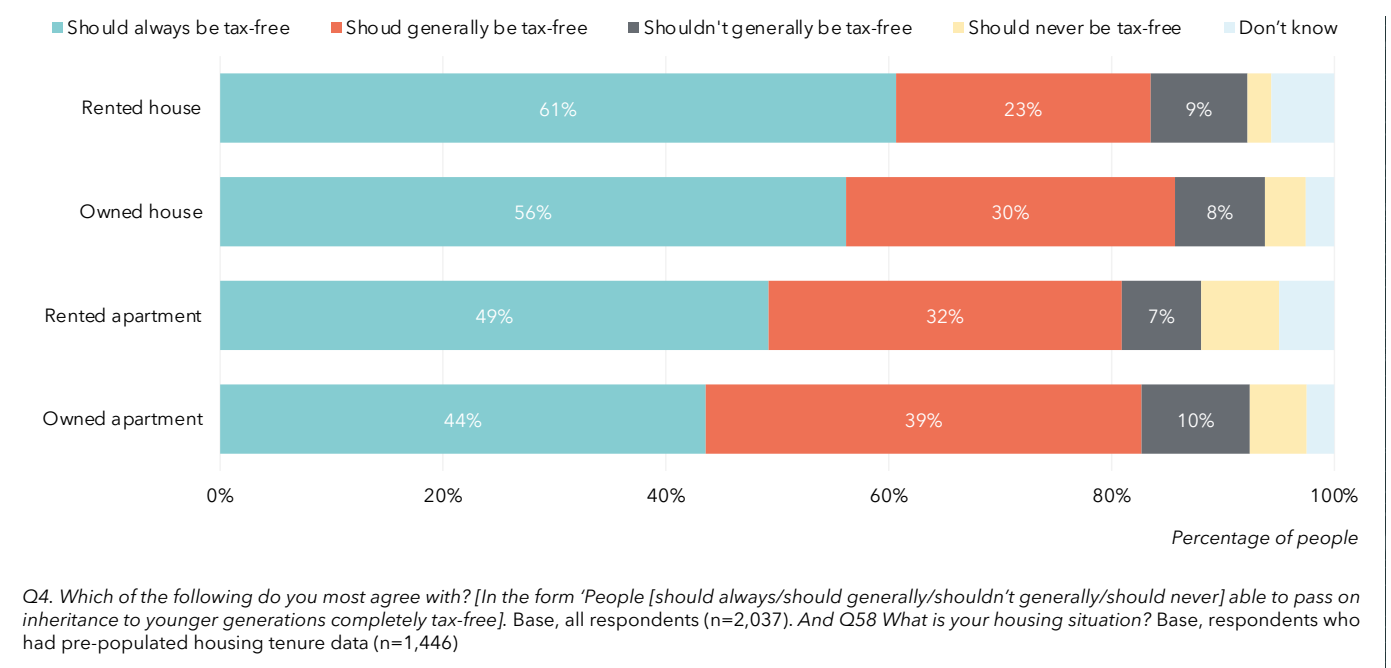
People on lower incomes and who don't own a home tend to be more likely to say inheritance should always be tax-free

FIGURE 45
EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE, BY INCOME



As with inheritance expectations, counterintuitive trends are found between people's income and the extent to which they think inheritance should be tax-free. Those on lower incomes, who have less ability to save, are more likely to say inheritance should always be tax-free. This aligns with previous findings that those on lower incomes are most hostile to inheritance tax.⁴⁰

FIGURE 46
EXTENT OF PUBLIC SUPPORT FOR TAX-FREE INHERITANCE, BY HOMEOWNERSHIP STATUS



⁴⁰ Prabhakar R, Rowlingson K and White S, How to Defend Inheritance Tax, 1 April 2008, <https://fabians.org.uk/wp-content/uploads/2008/04/HowtoDefendInheritanceTax.pdf>

Looking at how views vary across people of different homeownership status, the biggest differences are in fact between those living in houses and those living in apartments. This is likely reflective of differences between age groups or between those living in big cities and those living in towns or rural areas.

More importantly, when comparing same house-types, renters are more likely to say inheritance should always be tax-free. This applies both for people living in houses (61% vs 56% for renters and homeowners respectively) and those living in apartments (49% and 44%). Again, however, owners are more likely to say inheritance should generally be tax-free.

Those who expect to give and receive more inheritance tend to prefer a higher inheritance tax threshold

Although when asked in a general sense those expecting to receive or give less in inheritance are more likely to say inheritances should always be tax-free, when presented with specific amounts of inheritance, those expecting to receive or give less tend to prefer lower inheritance tax thresholds.

For example, those expecting to give between £1,000 and £5,000 typically say (excluding those who responded 'don't know') that around £50,000 should be allowed in inheritance tax-free, but those expecting to give over £200,000 typically think around £500,000 should be tax-free. Those expecting to give under £1,000 are an outlier here, which we explore later in this section.

FIGURE 47
MEDIAN PREFERRED INHERITANCE TAX THRESHOLD, BY HOW MUCH RESPONDENT EXPECTS TO GIVE IN INHERITANCE

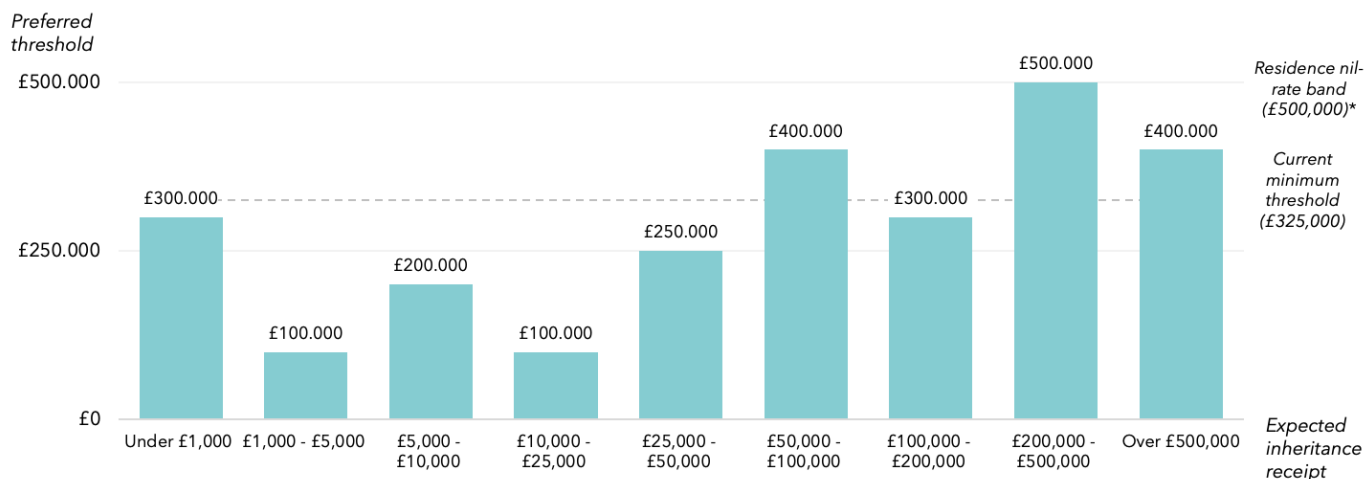


Q5. Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,955). And Q27. How much inheritance do you expect to give to younger generations (e.g. children or grandchildren) when you die? Select the estimated value. Base, all respondents other than those responding 'don't know' (n=1,455)
 *The threshold for primary residence passed to direct descendants (children or grandchildren)

A similar (but weaker) trend exists when comparing people's preferred tax threshold with how much they expect to receive. Of those who expect to receive £1,000-£5,000 in inheritance, people (excluding 'don't knows') typically think around £100,000 should be allowed in inheritance tax-free. In contrast, of those expecting over £200,000-£500,000, people typically think around £500,000 should be tax-free. Again, however, those expecting to receive the least (under £1,000) are a clear outlier, and there are other slight outliers in this relationship.

FIGURE 48

MEDIAN PREFERRED INHERITANCE TAX THRESHOLD, BY HOW MUCH RESPONDENT EXPECTS TO RECEIVE IN INHERITANCE



Q5. Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,955). And Q29. How much inheritance do you expect to receive from older generations throughout your life, including what you've already received? Select the estimated value. Base, all respondents other than those responding 'don't know' (n=1,438).

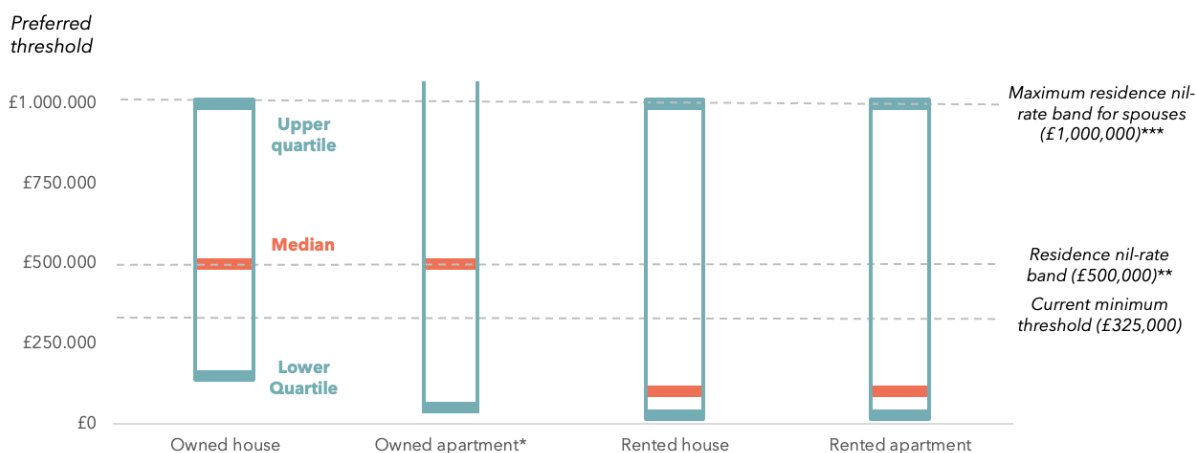
*The threshold for primary residence passed to direct descendants (children or grandchildren)

Homeowners and those on higher incomes think the inheritance tax threshold should be significantly higher than renters and those on lower incomes

Among homeowners, the median preferred inheritance tax threshold (excluding 'don't knows') is £500,000. Yet, among renters, this figure is just £100,000 - significantly lower than the current thresholds. Homeowners therefore typically prefer a threshold that is five times higher than renters. A quarter of renters all say the threshold should be, at most, around £25,000.

FIGURE 49

PREFERRED TAX-FREE ALLOWANCE FOR INHERITANCE, BY HOUSING TENURE



Q5 Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Base, all respondents other than those responding 'don't know' (n=1,955). And Q58 What is your housing situation? Base, respondents who had pre-populated housing tenure data and who didn't respond as living on a farm, with parents, 'other' or 'prefer not to say' (n=1,346).

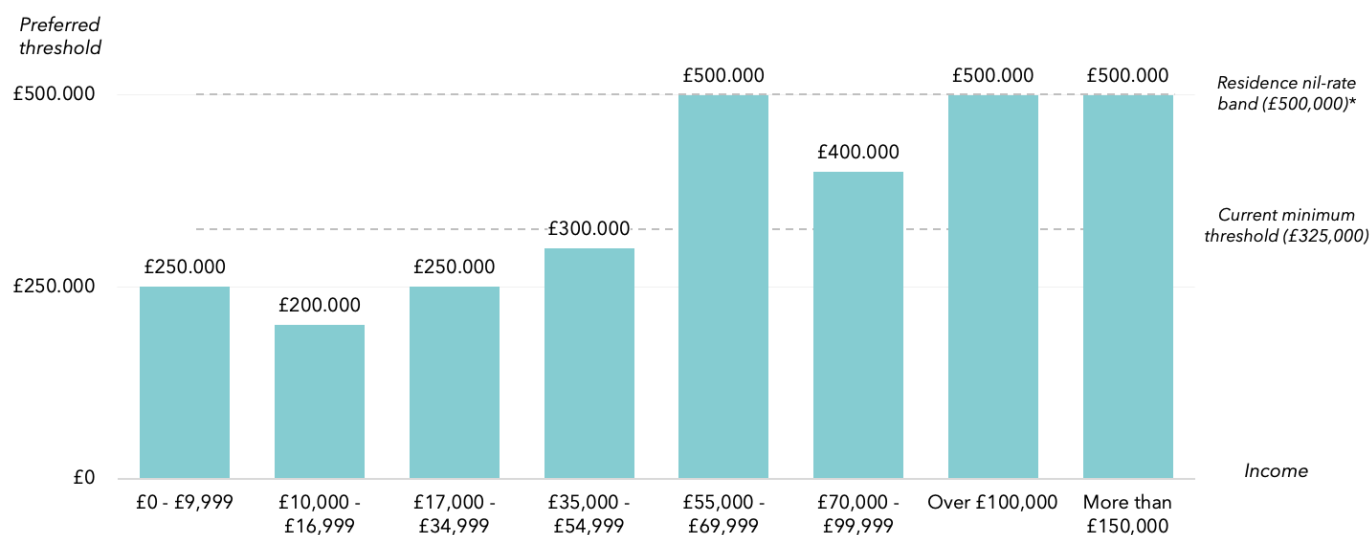
*The upper quartile for those who own apartments all responded either over £5m or 'tax shouldn't be required on any inheritance'

**The threshold for primary residence passed to direct descendants (children or grandchildren)

***Threshold if spouses pass primary residence passed to direct descendants and combine their residence nil-rate band

People on lower incomes also tend to prefer a lower inheritance tax threshold (although there are outliers to this trend). For the income bracket with people earning the median income in the UK (£32,300), people (excluding 'don't knows') typically think people should be able to pass on around £250,000 in inheritance tax-free. In contrast, those with an income between £55,000 and £70,000 typically think around £500,000 should be tax-free.

FIGURE 50
PREFERRED TAX-FREE ALLOWANCE FOR INHERITANCE, BY INCOME



Q5. Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Any more than this amount, a portion would be paid in tax. Base, all respondents other than those responding 'don't know' (n=1,955). And A8. What is your current household income? Base, all respondents other than those responding 'prefer not to say' (n=1,936).

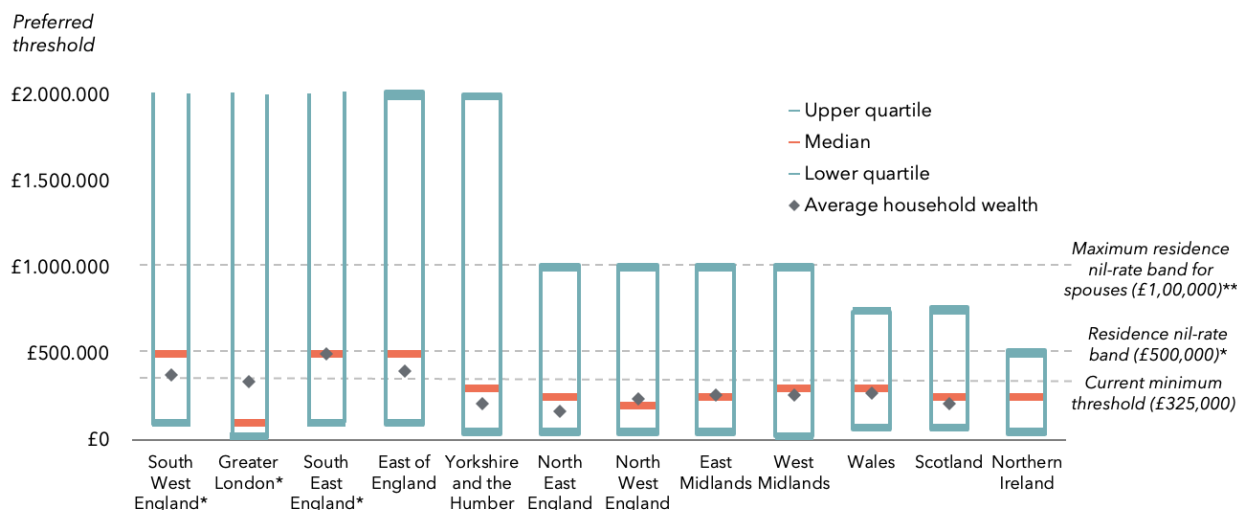
*The threshold for primary residence passed to direct descendants (children or grandchildren)

Only regions with the highest levels of wealth - the South and East (bar London) - typically support a higher tax threshold than the current minimum

While people may base their attitudes to certain amounts of inheritance on their own wealth, they may also base them on the wealth of people who live around them. To assess this, we can compare how people's views on the inheritance tax threshold vary with the level of wealth in their region. In doing so, we find that people from southern regions of England bar London (the South West and South East) typically think (excluding 'don't knows') that people should be able to pass on around £500,000 in inheritance tax-free. In contrast, people from the northern regions of England (the North West, North East, and Yorkshire and the Humber) all think people should have to start paying taxes at considerably lower amounts of inheritance (£200,000, £250,000, and £300,000 respectively). Taking the Southern regions (excluding London) and Northern regions collectively, people in the South typically think the inheritance tax threshold should be £500,000, twice as much as people in the North (£250,000).

This points to a clear North-South divide in attitudes to inheritance, barring London, and also reflects regional inequalities in wealth. As Fig. 51 shows, across most regions, the median preferred inheritance tax threshold correlates relatively closely with the average household wealth. In particular, the three regions with the highest level of wealth support the highest threshold. The average person in most regions did, however, support a threshold slightly higher than the average household wealth in that region.

FIGURE 51
PREFERRED TAX-FREE ALLOWANCE FOR INHERITANCE, BY REGION



Q5 Around how much inheritance do you think people should generally be able to pass on to younger generations tax-free? Base, all respondents other than those responding 'don't know' (n=1,955). And A3. Which region or nation do you live in? Base, all respondents (n=2,037)

*Upper quartile response for South West, Greater London, and South East is 'Tax should be required on all inheritances', £5m, and £5m respectively

**The threshold for primary residence passed to direct descendants (children or grandchildren)

***Threshold if spouses pass primary residence passed to direct descendants and combine their residence nil-rate band

Greater London is a key outlier here. The average Londoner thinks people should be allowed to pass on just £100,000 in inheritance tax-free - the lowest median in any region, and much lower than the average household wealth in London. Importantly, Londoners also gave an incredibly wide spread of responses, with a quarter thinking people should only be able to pass on, at most, £25,000 in inheritance tax-free, and another quarter thinking people should be able to pass on at least £5m tax-free. This spread does, however, correspond with London's inequality in wealth - the least wealthy 50% of people in London own just 5.9% of all wealth, compared to 9.5% for the rest of England.⁴¹

Interestingly, people in the UK's nations other than England have a much narrower spread of responses. For example, a quarter of people in both Wales and Scotland say people should be able to pass on at least £750,000 tax-free, and another quarter say £75,000 at most.

People on the very lowest incomes or expecting to give or receive the very lowest inheritance are outliers

As shown in Fig. 47, Fig. 48 and Fig. 50, people who expect to give and receive the lowest inheritances (under £1,000) and those on the very lowest incomes (under £10,000) tend to prefer significantly higher tax thresholds than those with slightly higher incomes or expecting slightly larger inheritances respectively. This is counter to what economic rational choice theory (which suggests people align their preferences to their economic self-interest) would suggest.⁴²

This could result from several drivers. One study found that, while people in most social classes in the UK (social classes A to D) placed similar levels of importance on giving inheritance, people in the lowest social class (class E) felt it was more important for them.⁴³ That sense of importance may drive a caution among this group about taxing inheritance. That caution may also be driven by a sense among these groups that they will end up having large estates. A study from the US found that lower-skilled workers who think they are likely to experience upward social mobility (because they overestimate their productivity relative to others in their class) are more likely to support lower taxes.⁴⁴

41 Trust for London, The distribution of wealth, no date, <https://trustforlondon.org.uk/data/wealth-distribution/>

42 Lockert M and Suarez J, 'Rational choice theory: A school of thought that predicts economic and social behaviors', *Business Insider*, 15 September 2022, <https://www.businessinsider.com/personal-finance/rational-choice-theory?>

43 Rowlingson K and McKay S, Attitudes to inheritance in Britain, Joseph Rowntree Foundation, 19 July 2005, <https://www.jrf.org.uk/report/attitudes-inheritance-britain>

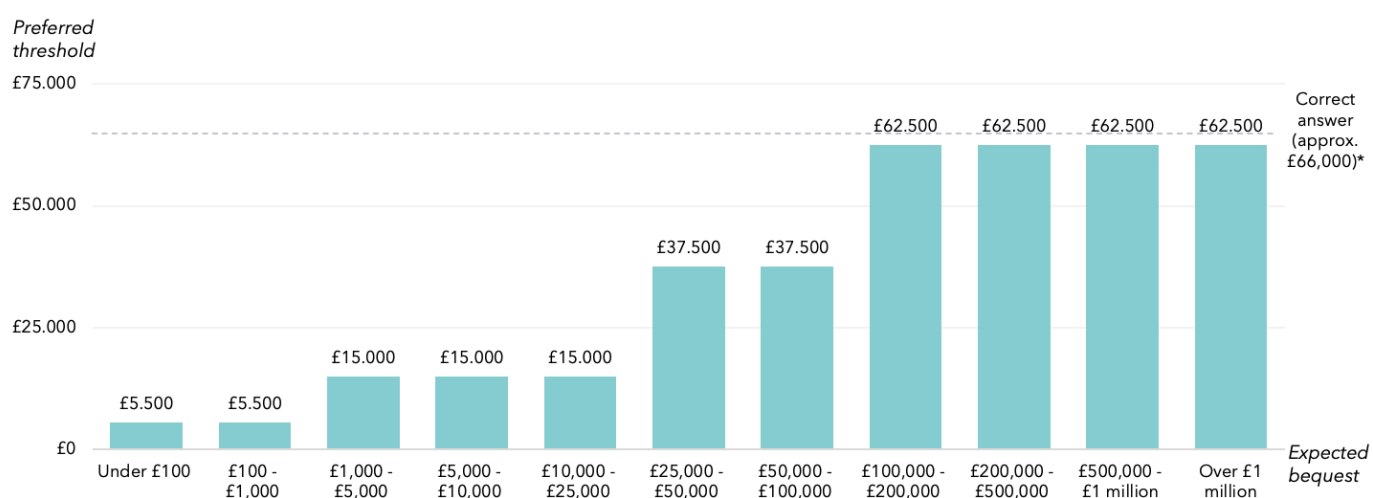
44 Jimenez Jimenez N, Molis E and Solano-García A, *Don't shoot yourself in the foot! A (real-effort task) experiment on income redistribution and voting*, October 15, 21. <https://ssrn.com/abstract=3485548>

3.2.2 Socioeconomics and understanding of inheritance

The less inheritance people expect to give, the lower they think the median and top percentile inheritance is

We saw in Section 1 that the public underestimates the amount that people in the UK will typically inherit. Yet, these inaccuracies are highly concentrated among people expecting to give the least inheritance. People expecting to give over £100,000 typically give correct estimates. The median estimate among this group (excluding 'don't knows') for the median lifetime inheritance of someone currently aged 60 is between £50,000 and £75,000 (IFS forecast suggests the figure will be around £66,000).⁴⁵ In contrast, people expecting to give between £1,000 and £25,000 in inheritance typically estimate the median inheritance will be just £15,000.

FIGURE 52
ESTIMATED MEDIAN INHERITANCE, BY HOW MUCH RESPONDENT EXPECTS TO GIVE IN INHERITANCE



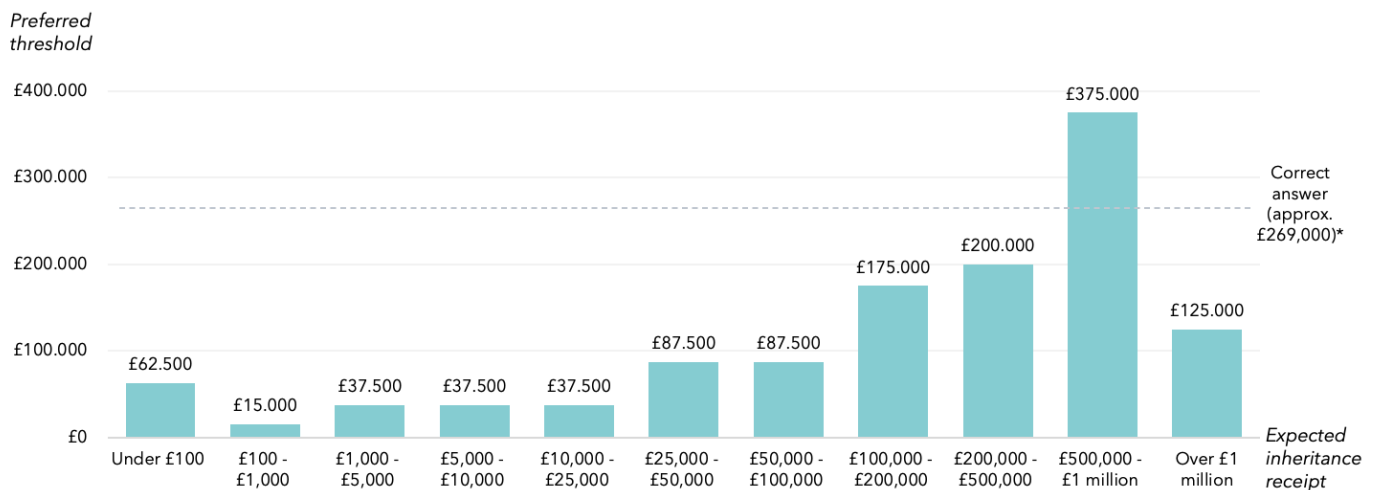
Q39. We want to know how much inheritance people think others get. How much money do you think the average person aged 60 will receive in inheritance from older generations throughout their life? Base, all respondents other than those responding 'don't know' (n=1,610). And Q27. How much inheritance do you expect to give to younger generations (e.g. children or grandchildren) when you die? Select the estimated value. Base, all respondents other than those responding 'don't know' (n=1,455).

*The IFS estimate that the median lifetime inheritance for all individuals born in the 1960s will be £66,000.

We also saw in Section 1 that the public underestimates the amount that people at top percentiles on the distribution of inheritances will typically inherit throughout their life. Again, these inaccuracies are highly concentrated among people expecting to give lower amounts of inheritance. People expecting to give between £500,000 and £1 million (excluding 'don't knows') typically estimate that the median lifetime inheritance for someone currently aged 60 will be between £250,000 and £500,000 (IFS forecast suggests the figure will be around £269,000).⁴⁶ In contrast, people expecting to give between £1,000 and £25,000 in inheritance think some currently aged 60 at the 90th percentile will inherit between just £25,000 and £50,000.

45 This is the median figure for all individuals born in the 1960s. When the survey was completed, most people aged 60 would be born in 1962. Given that the value of inheritance passed on is increasing over time, we would expect people born later in the decade to inherit more than those born earlier. Therefore, the median for people aged 60 is likely to be slightly lower than £66,000.

46 This is the median figure for all individuals born in the 1960s. When the survey was completed, most people aged 60 would be born in 1962. Given that the value of inheritance passed on is increasing over time, we would expect people born later in the decade to inherit more than those born earlier. Therefore, the median for people aged 60 is likely to be slightly lower than £269,000.

FIGURE 53**ESTIMATED 90TH PERCENTILE INHERITANCE, BY HOW MUCH RESPONDENT EXPECTS TO GIVE IN INHERITANCE**

Q40. We want to know how much people think the top and bottom inheritors get (people who inherit the most and the least in the UK). Of all people aged 60, take the top 20% of inheritors (those who will inherit the most during their life). How much do you think the average person in this group will receive in inheritance from older generations throughout their life? Base, all respondents other than those responding 'don't know' (n=1,640). And Q27. How much inheritance do you expect to give to younger generations (e.g. children or grandchildren) when you die? Select the estimated value. Base, all respondents other than those responding 'don't know' (n=1,455).

*The IFS estimate that the 10th and 90th percentile inheritance for all individuals born in the 1960s (aged 62-63 at the time of the survey) will be £129 and £269,000 respectively

The lower people's income, the lower they think the median and top percentile inheritance is

As with people who expect to give less in inheritance, people on lower incomes also underestimate the amount that others get in inheritance. As the left panel on Fig. 54 shows, those with incomes over £55,000 typically think (excluding 'don't knows') that the median lifetime inheritance of someone currently aged 60 will be between £50,000 and £75,000. In contrast, those with incomes under £17,000 typically think this figure will be between £10,000 and £20,000. As the right panel shows, this difference between income groups is even starker for estimates of inheritance at the 90th percentile of the inheritance distribution.

This demonstrates how those expecting to give less inheritance (who will tend to have less wealth) and those with lower incomes underestimate how much people are receiving in inheritance. This reflects findings that people on lower incomes underestimate the level of inequality in society because "the rich and poor develop an understanding of society from a position of socio-economic insulation".⁴⁷ In regard to inheritances, it seems people with lower incomes or wealth may be insulated from the extent to which others are benefiting from very high inheritances, particularly those at the very top.

This could help explain why these groups have an absolutist opposition to inheritance tax when asked in a general sense, but are more supportive of taxes when presented with specific amounts of money. These groups may interpret the general question (Fig. 10) as asking about a tax on inheritances similar to their own, and (because of the position of socio-economic insulation) overlook the very high inheritances that some people receive tax-free. When presented with specific amounts of inheritance, however, respondents are forced to consider these much higher amounts of inheritance, much more than what they themselves expect to give. This could then explain the shift in perspective.

47 Mijis J, 'Why people underestimate the problem of inequality', *Financial Times*, 4 March 2019, <https://www.ft.com/content/332c4fec-3c38-11e9-b72b-2c7f526ca5d0>

FIGURE 54**ESTIMATED MEDIAN INHERITANCE (LEFT PANEL) AND 90TH PERCENTILE INHERITANCE (RIGHT PANEL), BY INCOME**

A8. What is your current household income? Base, all respondents other than those responding 'prefer not to say' (n=1,936). And on the left panel, Q39. We want to know how much inheritance people think others get. How much money do you think the average person aged 60 will receive in inheritance from older generations throughout their life? Base, all respondents other than those responding 'don't know' (n=1,610). And on the right panel Q39. We want to know how much inheritance people think others get. How much money do you think the average person aged 60 will receive in inheritance from older generations throughout their life? Base, all respondents other than those responding 'don't know' (n=1,640).

*The IFS estimate that the median lifetime inheritance for all individuals born in the 1960s will be £66,000.

**The IFS estimate that the 10th and 90th percentile inheritance for all individuals born in the 1960s (aged 62-63 at the time of the survey) will be £129 and £269,000 respectively

Section 3.2 Conclusion

There is currently a perception that people's attitudes to inheritance are not driven by economic self-interest, with previous research suggesting those least likely to be affected by inheritance tax are at least as opposed - if not more opposed - to the tax. This plays a part in locking in the debate, as it suggests policymakers cannot appeal to people's economic self-interest around inheritance policy and expect to garner public support.

Our research validates these previous findings in one sense. People expecting to give or receive low amounts of inheritance, who don't own a home or who are on lower incomes are, when asked about inheritance in a general sense, more likely to say it should always be completely tax-free. Importantly, however, people expecting to give or receive high amounts, on higher incomes, or who own a home are more likely to say inheritance should generally be tax-free. So those who are least likely to be affected by inheritance tax tend to oppose the tax in an absolutist sense. And while those who are more likely to be affected are just as likely to be sceptical of inheritance tax, they take a less absolutist stance.

However, our research shows that, when presented with specific amounts of inheritance, people expecting to give or receive low amounts of inheritance, on lower incomes, or who don't own a home tend to think inheritance tax should start being paid at lower amounts. This is particularly the case for renters (who have less wealth) and for people who expect to give less inheritance.

This suggests that policymakers can design policy based on economic self-interest while garnering public support. When doing so, however, they must be clear about the fact that only certain high amounts, explicitly stated, will be affected.

Moreover, given that those with lower wealth and income are more likely to underestimate the value of inheritance in society and its inequalities, there may be a role for addressing that. However, as noted earlier, previous studies have shown that providing people with information on wealth inequality and the impact of inheritance taxation does not increase support for inheritance tax, and can in fact reduce support. This suggests that providing information will have little impact if done in isolation. If it were to be effective, as shown in Section 2 and 3.1, it would likely have to be combined with value-based arguments and well-targeted policies on inheritance.

CONCLUSION

It is evident that the UK public's views on inheritance are more complex than typically construed in the current debate. In contrast to what is often assumed, once you dig deeper into their attitudes, the UK public do not express a blanket opposition to inheritance tax. Instead, responses to our study indicate that public opinion sways considerably, influenced by factors such as the amount of money being inherited, the type of asset, and the economic status of the giver and receiver. Policymakers could use this understanding to develop smart policies on inheritance that garner public support.

Our findings show how there would be significant public support for intervention into specific inheritances, particularly those that include larger sums of money, second homes, or financial assets. In fact, a majority of people, when presented with specific amounts of money, say the inheritance tax threshold should be lower than the threshold applying to most estates. Equally, inheritances made of wealth acquired through means other than work, or given to wealthy or high-income individuals, prompt more public support for taxation.

Our survey also highlights how policymakers could shape public opinion through the way they frame inheritances. If seeking to expand intervention into inheritances, policymakers should consider framing inheritances in specific terms such as certain amounts of money being transferred between two people and as being given by someone rather than given to someone.

The survey also uncovered part of the wider system of belief that shapes attitudes to inheritance, indicating further how policy should be designed and communicated to gain public support. We found significant concern for the rights of the inheritance-giver to use their wealth as they wish - based on strong feelings about double taxation and individual liberties - and concern about certain amounts of money being tax-free. Yet, we showed how these beliefs are connected to a range of perceptions about how wealth is acquired, the tax system, government spending, and inheritance tax in particular. Policymakers can engage with this wider set of views - designing policies that appeal to them in some instances, or challenging the discourse around them in other instances.

We also found that - contrary to what has been assumed in the past - economic self-interest plays an important role in shaping people's views on inheritance tax, in particular what amount of inheritance should be tax-free. When they are confronted with particular sums, people's wealth and interest becomes a key indicator of how much inheritance they think should be tax-free. If policymakers can frame the conversation around inheritance policy explicitly in terms of the amounts of money being passed on, they may therefore effectively appeal to people's economic self-interest.

In sum, the survey offers valuable insights into the complexities of public attitudes towards inheritance and provides a roadmap for policymakers to navigate this challenging issue. By targeting specific inheritances, employing effective framing strategies, addressing underlying belief systems, and appealing to economic self-interest by emphasising specific amounts of inheritance, policymakers can foster a more nuanced and productive conversation around inheritance policy reform. Through these efforts, it is possible to develop a more equitable and efficient approach to inheritance that better serves the needs of society and supports the ongoing development of the UK economy.

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DEMOS

PUBLISHED BY DEMOS JUNE 2023
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