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The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
11 Downing Street
London SW1A 2AB

By email CEU.Enquiries@hmtreasury.gov.uk

Dear Chancellor
Coronoavirus: extension of ‘armed forces’ Inheritance Tax exemption to NHS staff and others

Recommendation: extension of relief

This letter is to suggest that you give consideration to extending the present exemption in s154 Inheritance Tax Act 1984 given to estates of armed forces personnel and emergency personnel to NHS staff and other front-line workers who die when contracting coronavirus in the course of their work.

I have no significant personal interest in the proposal, not being a front-line worker, but consider that it would be a proportionate measure as an additional response to the pandemic. We are all indebted to the risks that such workers expose themselves to each and every day.

My outline proposal is based on the belief that NHS staff and volunteers of all grades, and such staff and volunteers in the nation’s hospices deserve whatever reasonable support the tax code can give them; and that there are many other front-line workers who similarly justify consideration.

I provide further details in the Appendix, including an offer to assist, if needed, in developing the proposals.

Yours faithfully

Allan Beardsworth MA ACA CTA

Appendix: recommendation to the Chancellor to extend the ‘armed forces’ Inheritance Tax exemption to the NHS and other front-line workers. Coronavirus response

Introduction

I am a Chartered Accountant and a Chartered Tax Advisor with over thirty years’ tax experience, principally as a partner in a Big 4 accountancy practice, but since 2015 practising on my own account.

I have no significant personal interest in the proposal. My wife is a primary school teacher but is presently off work due to her pre-existing medical conditions. For completeness, my younger daughter is a medical student; the proposals are not being put forward with a view to any personal gain, but because I think they would in some cases, maybe only a few, relieve hardship inflicted on families and loved ones.

Relief of hardship

A primary benefit of the proposed exemption is to provide a measure of relief from financial hardship.

As with the rest of the population, NHS staff and other front-line workers have a very broad range of financial and relationship circumstances. For those who die with a will bequeathing their estate to their spouse or civil partner, the provisions of s18 IHTA 1984 will lead to no Inheritance Tax.

But, for instance, (i) many people die intestate, so that sometimes not all their assets will be exemption; (ii) many people live as couples, outside a marriage or civil partnership; (iii) others live as co-habiting siblings and are presently not afforded exemption.

Recognition

A secondary benefit of the proposal is to provide a tangible financial benefit to the families of some of the front-line workers who lost their life due to the pandemic.

IHTA 1984, s 154: the existing legislation

There has been a long-standing exemption from Inheritance Tax for the estates of armed forces personnel who die in conflict or as a result of injuries sustained in the line of duty. The original provisions, also in previous death duty taxes referred to wounds inflicted instead of injuries sustained, but extensions in 2015 widened the scope of the relief.

The exemption was broadened following public consultation in 2014 by Finance Act 2015 section 75 to include from 19 March 2014 emergency service personnel and humanitarian aid workers who die in the line of duty. There are now three categories of exemption, listed below, the third being most relevant:

- Death on active service of armed forces personnel;
- Death of police constables or armed forced personnel who are targeted because of their status;
- Death on active service of emergency services personnel; IHTA1984 s153A(1)(a) and (1)(b):
 - *an injury sustained, accident occurring or disease contracted when that person was responding to emergency circumstances, IHTA84/S153A(1)(a), or*
 - *a disease contracted at some previous time, the death being due to, or hastened by, the aggravation of that disease when the person was responding to emergency circumstances, IHTA84/S153A(1)(b).*

IHTA/S153A(6) and (7) have further conditions for emergency services personnel.

(6) “Emergency responder” means—

- (a) *a person employed, or engaged, in connection with the provision of fire services or fire and rescue services,*
- (b) *a person employed for the purposes of providing, or engaged to provide, search services or rescue services (or both),*
- (c) *a person employed for the purposes of providing, or engaged to provide, medical, ambulance or paramedic services,*
- (d) *a constable or a person employed for police purposes or engaged to provide services for police purposes,*
- (e) *a person employed for the purposes of providing, or engaged to provide, services for the transportation of organs, blood, medical equipment or medical personnel, or*
- (f) *a person employed, or engaged, by the government of a state or territory, an international organisation or a charity in connection with the provision of humanitarian assistance.*

(7) For the purposes of subsection (6)—

- (a) *it is immaterial whether the employment or engagement is paid or unpaid, and*
- (b) “international organisation” means an organisation of which—
 - (i) *two or more sovereign powers are members, or*
 - (ii) *the governments of two or more sovereign powers are members.*

Recommendation

I recommend you ask your officials to consider the extension to front-line workers. Since there would need to be boundaries, some thought would be needed, but as a suggestion, a new category of exemption could be introduced for deaths in which covid-19 was cited on death certificates, and in other cases where it was reasonable to assume that the death was due to or hastened by coronavirus.

I presume it will never be known whether a front-line worker contracted coronavirus at work, or on their journey to or from work, or outside of work. Hence my proposal for a “reasonable to assume” clause. HMRC already have experience of determining whether the ‘armed forces’ exemption applies: I would expect cases of difficulty with my proposal to be insignificant.

Linkage could sensibly be made to the Coronavirus Act 2020; for instance, its s1 (3) which stipulates that a reference in the Act to persons infected by coronavirus, however expressed, does not (unless a contrary intention appears) include persons who have been infected but are clear of coronavirus (unless re-infected).

I would be happy to help in any work needed to create a workable proposal; I will send a copy of this letter to my Member of Parliament, Mary Robinson, and to a few other fellow tax professionals and others who I think might be interested and might be able to promote or develop the idea, if it is considered to be a sensible proposal.

Exchequer cost

I presume that the cost to the Exchequer of this measure would be limited. The estates of many deceased front-line workers are likely to be exempt either by size or by s18 IHTA 1984 (spouse and civil partner exemption); the practical effect of the proposals is likely to be limited to the reduction of hardship in a few cases.

cc: Mary Robinson MP, by email mary.robinson.mp@parliament.uk