

News Release

IMMEDIATE RELEASE

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**REDISTRIBUTION OF WEALTH NOW FROM THE 'COMFORTABLE' TO THE
POOR AS INHERITANCE TAX LEVELS FAIL TO KEEP UP WITH RISE IN
PROPERTY PRICES**

Peter Hain was quickly silenced by Tony Blair earlier this year when he attempted to open a debate about New Labour's policies on the 'redistribution of wealth' but yesterday's Consumers' Association report on the increasing Inheritance Tax take from residential homes shows that the redistribution agenda is alive and well albeit that the focus has shifted to the middle rather than 'wealthy' classes.

When Labour were in opposition they were clear that Inheritance Tax reliefs and planning opportunities under the Tories had become too generous to the unfair advantage of the wealthiest people in the country.

They talked about reducing the reliefs that provide 100% exemption from Inheritance Tax for family trading companies and farms, and in the early years of New Labour's government there was genuine fear of a return to graduated rates of Inheritance Tax and the abolition of 'potentially exempt transfers'.

Instead, apart from two or three reactive legislative responses to judicial rulings in favour of the taxpayer in high profile tax planning cases, there has been little radical change. Neither has there been any explanation for the apparent policy shift.

Ian Maston, Senior Tax Consultant in the Estate Planning and Trusts Team at WJB Chiltern in London says:

"Essentially we still have an Inheritance Tax based upon the Tory policies of the late '80s and early '90s but meanwhile the Inheritance Tax 'nil rate band' has not been increased in line with residential property prices."

The bottom line is that Inheritance Tax is still being used for the redistribution of wealth but, ironically, as more and more people are paying the tax at the lower end of the wealth spectrum, the redistribution is increasingly from the 'comfortable' to the poor rather than from the rich to the poor.

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Notes to Editors:

WJB Chiltern is the UK's foremost tax-led professional services group providing tax and wealth management solutions. Our clients include listed companies, substantial private companies, public sector bodies and high net worth individuals. We also support around 5,000 firms of professional intermediaries, including accountants, lawyers and independent financial advisers, to whom we provide a range of tax and business consultancy services.

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