

UK Inheritance Tax Statistics 2026

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UK inheritance tax receipts hit a record £8.2 billion in 2024/25 — up 10.8% on the year before — even though only around 4% of estates actually pay it. Frozen thresholds and rising asset values are pulling more families into the net each year.

£8.2bn IHT receipts, 2024/25	~4% of estates pay IHT
40% standard IHT rate	£325k nil-rate band (frozen to 2031)

What the data shows

Inheritance tax remains a tax that very few estates pay — currently around 4% of deaths result in an IHT charge — but the total collected keeps rising. The combination of a nil-rate band frozen at £325,000 since 2009, a residence nil-rate band frozen at £175,000, and steadily rising house prices means more estates cross the threshold each year. The Office for Budget Responsibility and IFS expect the share of estates paying IHT to climb toward 7% by the early 2030s.

Two changes will accelerate this. The threshold freeze has been extended to April 2031, and from 6 April 2027 most unused pension funds will be brought within the estate for IHT — a significant shift for anyone who has used pensions as a wealth-transfer tool.

Key takeaways

- IHT receipts reached a record £8.2 billion in 2024/25, up 10.8% year on year.
- Only about 4% of estates currently pay inheritance tax — but the share is forecast to rise.
- Thresholds are frozen until April 2031, so 'fiscal drag' pulls in more estates each year.
- From 6 April 2027, most unused pension funds will count towards the estate for IHT.

Sources

- HMRC — UK tax receipts (inheritance tax), 2024/25
- Office for Budget Responsibility — Inheritance tax forecasts
- HMRC — Inheritance Tax on pensions: technical note (from 6 April 2027)
- GOV.UK — Inheritance Tax thresholds and rates