



## INHERITANCE TAX: EXEMPTION FOR EMERGENCY SERVICE PERSONNEL

ICAEW welcomes the opportunity to comment on the consultation paper [Inheritance tax: exemption for emergency service personnel](#) published by HM Revenue & Custom on 23 July 2014.

This response of 15 October 2014 has been prepared on behalf of ICAEW by the Tax Faculty. Internationally recognised as a source of expertise, the Faculty is a leading authority on taxation. It is responsible for making submissions to tax authorities on behalf of ICAEW and does this with support from over 130 volunteers, many of whom are well-known names in the tax world. Appendix 1 sets out the ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark proposals for changes to the tax system.

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## MAJOR POINTS

### Introduction

1. We welcome the opportunity to comment on the proposals in HMRC's consultation document of 23 July 2014.
2. We should be happy to discuss any aspect of our comments and to take part in all further consultations on this area.

### Key point summary

3. It is very laudable to treat emergency service workers killed in the line of duty in the same way as the armed forces and we agree the exemption should be extended.
4. Consideration should be given to extending the exemption to all volunteer "emergency" services and then potentially a member of the public who dies while carrying out a recognised activity.

## RESPONSES TO CONSULTATION QUESTIONS

**Q1: Will this definition of 'emergency service personnel' include everyone who should be included within this description? If not, which groups have been excluded and why should they be included?**

5. The definition should be extended to include bodies such as, but not limited to, voluntary coastal rescue organisations and all cliff rescue bodies and as drafted these do not appear to be covered by the definition. All providers of commercial support services e.g. helicopter services providing rescue cover, should be included in the definitions. Should prison officers be included? Consideration should be given to extending the definition to cover those not within a recognised body but who die carrying out a recognised activity, i.e. an innocent person who becomes involved in assisting a rescue.

**Q2: Will this definition of 'emergency circumstances' cover all the circumstances which meet the Government's objective of providing broad parity with the existing exemption for the armed services? If not, what definition would be suitable?**

6. If a defined person is killed by a terrorist because of their job, so not "responding" the definition should be extended to cover such a situation. It would be useful to have more examples with further debate on what roles should be included and in what circumstances. It should be responding or returning from emergency circumstances. For example if a fire engine returning from an emergency call out in, say, wild storms then crashes into a tree, or if an RNLI rib returning from a rescue with a victim then sinks the exemption should still apply.

**Q3: Will extending the qualifying circumstances for armed forces personnel to include responding to emergency circumstances cover all the circumstances which should qualify? If not, what definition would be suitable?**

7. Yes because then it will be extending the same circumstances to armed forces as apply to emergency personnel.

**Q4: Should the exemption include the liability that may arise on potentially exempt lifetime transfers which would otherwise become chargeable at death?**

8. The exemption should apply to all inheritance tax charges arising from the death of the individual if the death qualifies for the exemption.

**Q5: Should the exemption include the additional liability arising on death for immediately chargeable lifetime transfers?**

9. The exemption should apply to all inheritance tax charges arising from the death of the individual if the death qualifies for the exemption.

**Q6: For each emergency service, which would be the best organisation or agency to be the decision maker?**

- 10.** Where powers have been devolved to the respective country government/assembly (Scotland, Wales and Northern Ireland) then they should have the responsibility for the adjudication of claims.
- 11.** In England the Home Office should be the final adjudicator for claims for all the emergency services and also for the Welsh police force.

**Q7: Is there an alternative approach to the administrative arrangements and why do you recommend it?**

- 12.** No comments.

**Q8: Do you have any comments on the assessment of equality and other impacts?**

- 13.** No comments.

## APPENDIX 1

### ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. Statutory: tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. Certain: in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. Simple: the tax rules should aim to be simple, understandable and clear in their objectives.
4. Easy to collect and to calculate: a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. Properly targeted: when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. Constant: Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. Subject to proper consultation: other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. Regularly reviewed: the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. Fair and reasonable: the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. Competitive: tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see [icaew.com/en/technical/tax/tax-faculty/~media/Files/Technical/Tax/Tax%20news/TaxGuides/TAXGUIDE-4-99-Towards-a-Better-tax-system.ashx](http://icaew.com/en/technical/tax/tax-faculty/~media/Files/Technical/Tax/Tax%20news/TaxGuides/TAXGUIDE-4-99-Towards-a-Better-tax-system.ashx) )