History of Wealth
Inheritance, families and the market in nineteenth- and twentieth-century Britain

Working Paper 1

The death duties in Britain, 1859–1930: evidence from the Annual Reports of the Commissioners of the Inland Revenue

Lesley Hoskins
Samantha Shave
Alastair Owens
Martin Daunton
David R. Green

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One of the defining features of nineteenth-century Britain was the widening ownership of wealth. The transmission of that wealth at death was a key means by which middle-class families were able to reproduce themselves and maintain or enhance their economic and social status over time. In a society where the ownership of property underpinned political power and participation in civil society, and where personal identity and status were increasingly identified with the ability to consume, the inheritance of wealth was a key mechanism by which social inequality was reproduced across the generations. Thomas Piketty has recently shown how the intergenerational transmission of wealth not only reproduces but also compounds inequality and has provided a theoretical economic model for this process: ‘Whenever the rate of return on capital is significantly and durably higher than the growth rate of the economy, it is all but inevitable that inheritance (of fortunes accumulated in the past) predominates over saving (wealth accumulated in the present)’.¹ Past inequalities are multiplied by inheritance. In the nineteenth and early twentieth centuries, in France, inherited wealth accounted for somewhere between 80 and 90 per cent of all private wealth. Moreover, private wealth was highly concentrated.² A. B Atkinson analyses British data, from 1896 to 2010, demonstrating the major importance of inheritance in the UK before the First World War, when the total of transmitted wealth represented some 20 per cent relative to net national income. In the inter-war period, the total was around 15 per cent.³ These aggregate economic studies offer a broad background for our present project—‘Inheritance, families and the market in nineteenth-and twentieth-century Britain’—which seeks more specifically to situate inheritance practices in the social, economic, cultural and political contexts of the time and to investigate the ideas, motives and practices of those, such as politicians, lawyers, philosophers, voters, testators and recipients, who were involved in that form of wealth transmission.

England and Wales had a relatively ‘permissive’ inheritance regime; nonetheless individuals arranged for the transmission of their wealth along broadly agreed lines and in a broadly agreed manner, which included the payment of death duties. This Working Paper examines those death duties from two angles: firstly it offers an outline account of the several duties that were in force between 1859 and 1930; secondly it uses the detailed figures provided in the annual reports of the Commissioners of the Inland Revenue to track the amount of duties actually paid, the types property on which they were payable, and the balance between different categories of beneficiary. The intention of this largely descriptive account is to draw attention to normative ideas and patterns of practice relating to the passing on of property at death as an introduction to subsequent Working Papers in the series.

² Piketty, *Capital in the twenty-first century*, ch. 11.
³ Atkinson, ‘Wealth and Inheritance in Britain from 1896 to the present’, p. 15.
The death duties are one component of the fiscal arrangements of the state. The amount of tax revenue they provided between 1859 and 1930 rose continually, gently at first but, after 1919, increasingly steeply (Figure 1). One factor was a growing population and the widening ownership of increasing personal wealth. This can be seen in the increasing numbers of grants of probate and administration and, from 1896, the number of estates that came within the remit of the death duties (Figures 2 and 3). Additionally, the percentage of the total dying population liable to probate and administration (1859–1894) increased steadily, from 7 per cent in 1859 to 13 per cent in 1894; the percentage liable to Estate Duty also increased, steadily at first (from 9 to 14 per cent between 1896 and 1917) and more sharply thereafter, from 16 to 24 per cent between 1918 and 1930.⁴

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**Figure 1.** The net annual yield (in £000,000s) of the total death duties, United Kingdom 1859–1920 and Great Britain 1921–1952  
*Source: Annual Reports of the Commissioners of the Inland Revenue*

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⁴ The mortality figures used here, given in Mitchell and Deane, *Abstract of British Historical Statistics*, 1988, include minors, who were not able to leave property. These percentages are therefore indicative only. Figures for probates and estates liable to Estate Duty are taken from *Annual Reports of the Registrar General and Returns of Judicial Statistics, England and Wales* and Atkinson, ‘Wealth and Inheritance in Britain from 1896 to the present’, Table 1, pp. 29–30, respectively.
The Estate Duty was payable on property worth £100 and above during the whole of the period from its full implementation in 1896 to 1945; during that time the number of estates paying the tax rose from 46,600 to 204,300 while the proportion of estates liable for duty rose from 15 to 40 per cent. Even after that, when the qualifying level was increased to £2,000 and the number of estates dropped to 52,500, the yield of the duties continued to grow. The rates of duty were raised over time, with the topmost rate increased from 8 per cent.

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5 Atkinson, ‘Wealth and Inheritance in Britain from 1896 to the present’, Table 1, pp. 29–32, and p. 22.
cent in 1894 to 40 per cent in 1925 and 80 per cent in 1949. However, the pattern of increase in the numbers of estates qualifying for the death duties should be noted: slow growth from 1859 to 1893 and, after a sharp rise at the very end of the century, stagnancy or even decline in the first 10 years of the twentieth century followed by 20 years of marked growth.

But while the amount of death-duty revenue increased, its contribution to the gross annual public income was much more variable (Figure 4), dropping sharply during the two World Wars, with something of a recovery in between. Thomas Piketty finds a similar trajectory of inheritance flows (the total annual transfer of wealth through inheritance as a proportion of national income) in France and Britain as the shocks to the economy brought by the two World Wars and the depression reduced the fortunes that people had to leave at death.

Figure 4. Death-duty receipts as a proportion of the annual total gross public income, United Kingdom, 1870–1950
Source: Mitchell and Deane, Abstract of British Historical Statistics, 1988, pp. 582–6

The present paper, however, focuses more closely on the individual British death duties as a way into investigating nineteenth- and twentieth-century practices of, and ideas about, inheritance. In nineteenth-century Britain the duties were used as part of ‘the general shift from indirect taxes on consumption to direct taxes on income and wealth’. Changes in the components making up the total taxation package had a political basis, as governments sought to appeal to a changing electoral base. The death duties operated as a ‘balance’ in

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8 Daunton, Trusting Leviathan, p. 225.
order to create a sense of equity and fairness in relation to the contribution to tax revenue demanded from different social groups, helping to defuse other political tensions.\(^9\) Leroy Dunn stresses administrative concerns about ease of collection.\(^10\) But the duties were also underpinned by ethics and ideas about an individual’s right to pass on his or her property at death.\(^11\) From the late-eighteenth century onwards, taxing inheritance was seen as a legitimate way of adding to the national revenue. Indeed, the Liberal government of the mid-nineteenth century saw death duties, provided people felt that they were applied fairly, as politically and ideologically preferable to income tax.\(^12\)

Legacy Duty (1796) and Succession Duty (1853) applied to personalty (personal or moveable property) and realty (land and real estate and settled personal property) respectively, which were treated differently in response to, or in attempts to modify, beliefs and practices about the rights and obligations associated with those types of wealth. Both of these duties were paid by the recipient of an inheritance, at different rates according to the relationship between the beneficiary and the donor. Unlike the citizens in most of Western Europe, those of England and Wales were, especially between 1833 and 1938, largely legally free to leave their property to whomever they wished.\(^13\) Differentiated rates of Legacy and Succession Duty therefore encouraged or reinforced practices of leaving property to different categories of beneficiary: the lowest rates were paid by spouses, then lineal relatives; intermediate rates by more distant kin; and the highest rates by recipients who were not related to the donor.\(^14\) As Martin Daunton remarks with regard to the Legacy Duty, ‘[t]he choice of rates for different degrees of relation clearly indicated assumptions about moral entitlement to inheritance’.\(^15\) Since the rates and applications varied over time (as outlined in more detail below), those assumptions also varied. In this context it is also useful to consider the laws regarding the distribution of estates in case of intestacy.\(^16\) Until 1890 this was governed by common law. The distribution of intestate estates during the nineteenth century was largely ‘vertical’ giving preference to the children of the deceased rather than the spouse. This was especially the case with realty, which passed to the heir (generally the eldest son under the principle of primogeniture). Although the law of dower had given the widow a right to a share of the realty, this was practically a dead letter by the

\(^9\) Ibid.  
\(^11\) Daunton, Trusting Leviathan, ch. 8 and Dunn, ‘A history of inheritance taxation in England to 1894’.  
\(^12\) Daunton, Trusting Leviathan, p. 232.  
\(^13\) Finch, Mason, Masson, Wallis and Hayes, Wills, inheritance and families, ch. 2.  
\(^14\) The specific rates applying are always given in the Annual reports of the Commissioners of His/Her Majesty’s Inland Revenue.  
\(^15\) Daunton, Trusting Leviathan, p. 227.  
\(^16\) This outline of intestacy is drawn from Burns, ‘The changing patterns of total intestacy distribution between spouses and children in Australia and England’.
time of the 1833 Dower Act, which formalized its avoidance.17 With regard to personalty, surviving widows and female relations were entitled to a portion of the intestate’s estate, with the remainder being shared equally between the children (or their issue if they had predeceased the intestate). The rules of intestacy were different for a married woman; a widower was entitled to his wife’s entire personalty. However, by the end of the century the Intestates’ Estates Act 1890 was a harbinger of the shift to spouse-centred distribution. In the limited number of cases in which there were no surviving issue, the entitlement of the widow was given priority over all other claims and paid out first. If the value of the estate did not exceed £500, the widow acquired the entire property absolutely; if it was more than £500, the widow was entitled to realty and personalty to the value of £500 in priority over all other potential beneficiaries. A major overhaul took place with the Administration of Estates Act 1925. This largely abolished separate rules for realty and personalty; primogeniture no longer applied, giving male and female lines equal rights; widows and widowers were treated equally; and, most importantly, ‘the principal determinant of the pattern of distribution became whether there was a surviving spouse. The central or “gravitational” pull of intestate succession shifted from the preservation of family assets to the care and financial security of the surviving spouse’.18 At the same time, in 1925, life state pensions for widows who had children aged under 14 at the time of the husband’s death were introduced; in 1929 all widows of insured men became entitled from the age of 55.19 These measures also indicate a broad concern to provide for spouses, especially when there were children involved or when the widow was elderly.

When new laws for intestate distribution were under discussion in the mid-twentieth century, it was a matter of debate as to whether they should reflect contemporary testate practices or whether intestacy had its own, different, specific requirements and purposes.20 Our project’s quantitative analysis of a sample of 600 wills for the period 1852 to 1933 will allow us to compare patterns of testator strategy with changing intestacy rules while our forthcoming Working Paper, ‘Family, Property and the State’, will include a comparison of the assumptions underlying changes in the rules of intestacy with those underpinning differences in the rates of death duty payable by relationship.

The Succession and Legacy Duties continued in force until 1949 but a new tax, Estate Duty, introduced in 1894, brought in much more revenue. It was calculated on the total value of

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19 Thane, ‘The “Scandal” of Women’s Pensions in Britain: How Did it Come About?’.
both realty and personalty and was payable out of the estate before distribution, taking no account of the relationship between the donor and beneficiary. The rates varied, instead, according to the size of the estate, with large estates paying proportionally more than small. The upper rates were raised several times in the first three decades of the twentieth century. This indicates a considerable change in attitude, with inter-generational or spousal provision of less concern than the more general principle of progressive taxation.

This paper charts the development of the death duties and tracks the shifting applicability and rates of tax among different categories of beneficiary, across different kinds of wealth and assets, and in relation to different sizes of estate. It uses data published in the Annual Reports of the Commissioners of the Inland Revenue, which record figures for all public income, including a detailed breakdown of the death duties — receipts, the amount and type of property on which they were payable and paid, the rates applicable, categories of recipient, and changes in the laws of inheritance. Examination of the data provided in these reports is a component in our investigation of broad practices of transmission of wealth at death. Issues arising here will be taken forward into the project’s analysis of a sample of 600 wills (Working Paper 4). The imposition and receipts of the various duties point to questions about, on the one hand, the discourses around, and norms of, inheritance and familial provision and, on the other, the requirements (ethical, political, fiscal) of taxation.21 The present, descriptive, account therefore serves as an introduction to ‘Family, Property and the State’ (Working Paper 2), which examines contemporary ideas relating to inheritance and the death duties.

There are some points to be noted concerning the data. Each Annual Report covers a period from 1 April–31 March; the years given in the present discussion refer to the closing date (for example, 1890 refers to the report covering 1 April 1889 to 31 March 1890). Detailed breakdowns were not published for 1916–19 due to the First World War. There is some variability in recording: up to and including 1904, the Reports provided gross figures for the capital on which duty was payable and for the duty received; subsequently the figures were net; the data used here relate to the United Kingdom from 1859–1922 but to Great Britain from 1923–30.22 The figures presented here as the annual total for each of the duties are calculated from the individual components; although the Annual Reports provide totals, they do not always equal a total of the components because they take into account interest and discounts, the recording of which varied from time to time. Importantly, it must be

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21 Daunton, Trusting Leviathan, ch. 8; Daunton, Just taxes; Dunn, ‘A history of inheritance taxation in England to 1894’.
22 The Government of Ireland Act, 1920, transferred the jurisdiction of Irish death duties to the Government of Northern Ireland from 22 November 1921; however, in the interest of continuity of reporting, the Northern Irish figures are included in the Inland Revenue reports until 31 March 1922. Sixty-fifth report of the Commissioners of His Majesty’s Inland Revenue for the year ended March 1922, p. 7.
noted that the Reports provide figures for receipts and therefore do not represent a complete picture of national inheritance strategies: many estates were too small to be liable for duty; some evasion doubtless occurred; and the recording of gifts *inter vivos* was very restricted. 23 The last is a significant gap since such gifts probably comprised a meaningful proportion of total inheritances. Piketty notes that in France gifts to the living, which were fully recorded, amounted to 30 to 40 per cent of annual inheritances 1820–70, 20 to 30 per cent between then and 1970, rising to about 80 per cent for 2000–2010.24 Atkinson provides a much lower estimate for Britain, suggesting that gifts *inter vivos* in the period from 1896 to 1945 probably ran at something over 5 per cent.25 But, whatever the exact figure, Jens Beckert has suggested that such gifts are an especially potent form of bequest, creating strong affective bonds amongst the still living.26

The following discussion is structured around the two types of death duty: firstly, that which took account of the recipient (Legacy and Succession); and secondly that which was based on the size of the estate without regard to the destination (Probate and Estate). Particular attention is given to the Legacy and Succession Duties because the Inland Revenue’s Annual Reports categorize receipts and the property on which they were payable according to type of property and the relationship of the recipient to the testator.

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23 Some forms of *inter vivos* gifts were subject for part of the period to Account Duty. Atkinson, ‘Wealth and Inheritance in Britain from 1896 to the present’, p. 12. Atkinson develops a formula to compensate for these deficiencies, but we figures given by the Inland Revenue for receipts and liabilities.


25 Atkinson, ‘Wealth and Inheritance in Britain from 1896 to the present’, p.15.

26 Beckert, *Inherited wealth*, p. 86.


28 For a full discussion of the political, ideological, and fiscal context see Daunton, *Trusting Leviathan*, ch. 8.
The amount payable on each legacy/succession was calculated as a percentage of the value of the property passing; the percentage varied according to the relationship between the legatee/successor and the testator/deceased. Although payment thresholds and rates varied over the period under consideration, the categories of relationship remained the same. They were:

- Husband or wife (from 1910): 1–1.5%
- Lineal issue and lineal ancestors: 1–1.5%
- Brothers and sisters and their descendants: 2–6.5%
- Brothers and sisters of the father or mother and their descendants: 4–11.5%
- Brothers and sisters of the grandfather or grandmother and their descendants: 6–11.5%
- Persons of more remote consanguinity and strangers in blood: 8–11.5%29

As can be seen, the spouse and then the lineal relations (children and grandchildren, parents and grandparents) of the person leaving the property had most preferential treatment, with others paying more as consanguinity decreased. The spouses of relatives were treated on the same basis as the relatives themselves.30

Changes in the rates, applicability and exemptions of these duties were many and complicated. Tables 1 and 2, below, outline the main trends. Of particular note is the relaxation of lineal liability in 1881 and 1894 and its subsequent re-institution in the Finance Act of 1910 alongside the imposition of a tax on spousal inheritance, which had previously been exempt. The relaxations of 1881 and 1894 and the new impositions of 1910 (although mitigated by many exemptions) raise the important question of whether there were shifts in attitude to family provision through inheritance. This should be considered in the light of the Liberal Government’s approach to taxation more generally during the period 1906–1914. Daunton shows that the introduction of graduated income tax, but with allowances for married men with children, was intended to appeal to those on modest middle-class incomes. The exemptions from Legacy and Succession Duties for estates of under £15,000 together with additional help for widows and minors, is a parallel move. At the same time there was an element in Liberal and Labour thinking, taken into the post-war Conservative government, which valorized active (earned or entrepreneurial) wealth and considered that unearned (rentier or inherited) wealth deserved to be taxed more heavily, both according to the principle of ‘ability to pay’ and with the intent of capturing unearned increment and making it available for social purposes, which would benefit the less well off. As well as graduating income tax and introducing a land tax, inheritance taxes on larger estates were increased both, as just mentioned, through the Legacy and Succession Duties but also by a continuing policy of steeply graduated rates for Estate Duty (discussed in

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Table 1. *Significant changes in the application of Legacy Duty between 1796 and 1930*

<table>
<thead>
<tr>
<th>Year</th>
<th>Change in Application of Legacy Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1796</td>
<td>Legacy Duty was payable on individual legacies of £20+, or £100+ if a residuary legacy.</td>
</tr>
<tr>
<td>1815</td>
<td>Introduction of a tariff varying according to the relationship between the legatee and the deceased. Widows were exempt.</td>
</tr>
<tr>
<td>1853</td>
<td>Leasehold estate, hitherto liable for Legacy Duty, was transferred to liability for Succession Duty.</td>
</tr>
<tr>
<td>1880</td>
<td>Total personal estates of under £100 exempt from Legacy Duty.</td>
</tr>
<tr>
<td>1881</td>
<td>Total personal estates of under £300 exempt, but the £20 exemption on pecuniary legacies was removed (although on specific legacies of, for example, furniture it remained). The 1% rate, previously applicable to lineals was removed, if the new uniform probate tax was paid.</td>
</tr>
<tr>
<td>1888</td>
<td>Legacies charged on realty and moneys arising from the sale of land were removed from Legacy Duty and added to Succession Duty.</td>
</tr>
<tr>
<td>1894</td>
<td>Estates of under £1,000 which had paid Estate Duty (a new duty applying to total estates of £100 and above) were exempt. The 1% (lineals) rate was not payable in respect of property which paid Estate Duty.</td>
</tr>
<tr>
<td>1910</td>
<td>The Finance Act of 1910 instituted a 1% rate for spouses and reinstated the 1% rate for lineals, applying to deaths on or after 30th April 1909. But both of these only applied where the estate as a whole (total of realty and personalty) comprised more than £15,000. Even where the estate exceeded this limit, the 1% duty was not payable on individual total legacies or successions of £1,000 or less. Nor was it payable on individual total legacies or successions of £2,000 or less if the legatee was a widow or minor child (but not grandchild) of the deceased.</td>
</tr>
<tr>
<td>1914</td>
<td>Legacy Duty was remitted on legacies of under £5,000 to spouses, lineals, brothers, sisters, nephews, and nieces of those killed in the First World War. For legacies of more than that amount, the first £5,000 was free of duty and the rest was discounted for the period the deceased would normally have expected to live. If the property passed again due to death in the Great War, no Legacy Duty was payable on the second passing. These exemptions were subsequently extended to further specified combats.</td>
</tr>
</tbody>
</table>

Table 2. *Significant changes in the application of Succession Duty between 1853 and 1930*

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1853</td>
<td>Succession Duty was instigated as a tax on the gratuitous acquisition of property on a death. It applied to real property and leaseholds and personal estate where Legacy Duty was not chargeable. It applied where the total value of the succession was over £100 and for each successor where the value of the succession property received exceeded £20. In the case of real estate, it was payable on the value of the interest of the succession, calculated as an annuity. Spouses were exempt.</td>
</tr>
<tr>
<td>1881</td>
<td>With regard to settled personalty, the 1% rate applicable to lineals was removed, if the new uniform probate tax (which applied to personal property) was paid. This exemption did not relate to realty.</td>
</tr>
<tr>
<td>1888</td>
<td>Legacies charged on realty and moneys arising from the sale of land were removed from Legacy Duty and added to Succession Duty.</td>
</tr>
<tr>
<td>1894</td>
<td>Estates of under £1,000 which had paid Estate Duty were not liable for Succession Duty. The 1% (lineals) rate was not payable in respect of property which paid Estate Duty. The Succession Duty now became liable on the capital value of the property itself if the successor was entitled to an absolute interest. However, the duty could be paid by instalment and the property-bearing duty was accounted for by instalment also.</td>
</tr>
<tr>
<td>1910</td>
<td>By the Finance Act of 1910, Succession Duty was applied to spousal successions for the first time, applicable on deaths on or after 30th April 1909. The 1% rate for lineals was reinstated. The spousal and lineal duties only applied if the estate as a whole (real and personal) comprised more than £15,000. Even where the estate exceeded this limit, the 1% duty was not payable on individual total legacies or successions of under £1,000 or less than £2,000 if the recipient was the widow or an infant child.</td>
</tr>
<tr>
<td>1914</td>
<td>Succession Duty was remitted on successions of under £5,000 to the spouses, lineal issue, brothers, sisters, nephews, and nieces (and their spouses) of those killed in the Great War. For successions of more than that, the first £5,000 was free of duty and the rest was discounted for the period the deceased would normally have expected to live. If the property passed again due to death in the First World War, no Succession Duty was payable on the second passing. These exemptions were subsequently extended to further specified combats.</td>
</tr>
</tbody>
</table>

*Sources:* as Table 1.
section II below). Atkinson shows that after the First World War, the percentage of estates liable to Estate Duty rose from less than 20 per cent to about 30 per cent in 1930, while at the same time the proportion of income-tax payers fell from about 18 per cent to about 10 per cent.

The Annual Reports of the Commissioners of the Inland Revenue record the amount of property liable to Legacy and Succession Duties and the receipts, setting them out according to the rate of duty payable and paid. Since the rates (though varying over time) depended on the relationship between the testator/deceased and the legatee/successor, it is possible to translate them into categories of relationship. Graphical analysis is made here within both of the duties, giving a general view of which category was the favoured inheritor, but comparison is also made between the two duties in order to visualize whether real and personal property were differently transferred. However, changes in the rates and their applicability affected the amounts of property liable, the receipts of the duties, and the proportion of duty paid and payable by different categories of beneficiary; Tables 1 and 2, above, provide a useful reference for reading the Figures. Figure 5 shows the amount of property on which the Legacy and Succession Duties were paid. After a general rise in the amount of property subject to Legacy Duty between 1869 and 1880, there was a subsequent drop from 1880/1881 until 1894, due to the imposition of a tax-free allowance for personal estates of under £100 and, soon after, for those under £300. More importantly, in 1881 lineal legatees (parents or children and their spouses and offspring) were exempted from paying the Duty. From 1894, the amount of Legacy Duty received dropped even further, reflecting further exemptions: estates of under £1,000 which had paid Estate Duty (a new tax imposed on total estates of £100 and above) were not liable for Legacy Duty; and the 1 per cent (lineals) rate of Legacy Duty was not applicable if the Estate Duty had been paid. Between 1894 and 1910, the amount liable remained low. From then on, even allowing for exemptions provided to those who died in the First World War, the amount rose steeply, until the end of our period. The initial rise is accounted for by the resumption of the 1 per cent tax on lineals and its imposition on spouses. However, both the spousal and lineal duties applied only to substantial estates, worth £15,000 or more in total. In 1920 those estates comprised only 4 per cent of all taxable estates (that is those of £100 upwards) and 5 per cent in 1930. But even for these substantial cases, individual legacies of £1,000 for lineals and £2,000 for widows and minor children were exempt. After 1910, there were no further changes in the applicability or rates of the Legacy Duty, and so the continuing steep rise in the absolute value of taxable personal property from 1910 to 1930 indicates this comprised an increasing element of people’s wealth at this period (discussed further at the end of this section).

31 For a full discussion of changes in the principles of taxation at this period see Daunton, Trusting Leviathan, ch. 11 and Just Taxes, chs 1–4
32 Atkinson, ‘Wealth and Inheritance in Britain from 1896 to the present’, fig. N, p. 22.
Figure 5. Total capital (£s) on which Legacy and Succession Duties were paid 1869–1930

Source: Annual Reports of the Commissioners of Her [or His] Majesty’s Inland Revenue on the Inland Revenue, 1860–1930
Figure 6. Annual receipt (£s) of Legacy & Succession Duty, 1859–1930
Source: As Figure 5.
The amount of property paying Succession Duty was, throughout the period, lower than that paying Legacy Duty. Initially the Succession Duty was payable on an estimated lifetime interest value of the property rather than on the capital value but in 1894 the full value became liable (although it was calculated preferentially in comparison with personal property). While we might therefore expect a rise in the amount of real property paying tax after 1894, we actually see a drop, due to the removal from liability to Succession Duty of those estates of under £1,000 that had paid Estate Duty and the removal of the 1 per cent (lineal) rate if the Estate Duty had been paid. The decline continued steeply until 1897 but from then until 1910 was shallower. The inclusion and re-inclusion, in 1910, of spousal and lineal liability respectively brought a steep rise which appears to continue to 1921, taking into account the lack of figures for 1916–1919 and the remissions applying to people killed in the First World War. However, unlike the Legacy Duty, the amounts do not continue to rise right through to 1930; from 1922 onwards there is an overall, though not steep decline in the absolute amounts liable and they never rise above the amounts of the 1870s.

Figure 6 shows the amount of Legacy and Succession Duty actually received. Both the amount of property liable to Legacy Duty and the amount paid increased enormously from 1910 onwards, far outstripping the more modest rise in the Succession Duty at the same point.

The rates of duty for differently related legatees/successors changed over time in respect to both duties but, rather than tracking by rate of duty, the following Figures (7–10) track by category of relationship. However the liability – or not – of some categories of legatee/successor to pay duty also varied over time and it is necessary to take those applicability changes, outlined in Tables 1 and 2, into account.

Figure 7 shows the amount of property paying Legacy Duty by category of legatee. Lineals were effectively relieved of the Legacy Duty between 1881 and 1909, the impact of which is clearly visible. The re-instatement of the lineal duty in 1910 along with the institution of a spousal liability means that from this point onwards all types of legatee are represented as paying duty. However, the categories are not straightforwardly comparable because of the major exemptions for lineals and spouses. The only lineals and spouses who appear from 1910 onwards are recipients of legacies from the small proportion of estates valued at over £15,000. Even for those substantial estates, there were exemptions for legacies of £1,000 for lineals and £2,000 for widows and minor children. This makes the sharp and continuing rise in personal property going to lineals especially interesting. We can also note the difference between lineals and spouses, who pay much the same rates: the lineal amounts are much higher than the spousal. Presumably this is at least partly a result of there being only one surviving spouse but often more than one child or grandchild. Figure 7 raises a
number of questions for future consideration. Do the high lineal liabilities post-1910 reflect a practice, among at least the owners of large estates, of bequeathing spouses the life-time use or income from personal estate, with children getting the capital outright? This question will be answered by the forthcoming analysis of our sample of 600 wills. What considerations underpinned the removal of the lineal rate of Legacy Duty in 1881 and 1894 and its re-instatement in 1910? Was this simply a fiscal re-arrangement between different duties or were there underlying ideological or political reasons? A similar question can be asked in relation to the inclusion, albeit to a limited extent, of spouses as liable to the Duty. Does it reflect changing attitudes to familial inheritance in the interest of taxing the wealthy more heavily than the less well off? How is this reconciled with changes in the laws relating to intestacy, which were prioritising widows as beneficiaries? The sharp drop in the amount of personal property liable to payment of duty by lineals from 1881 does not appear to be accompanied by a decrease in the amounts going to other categories. In other words, the preferential treatment of lineals does not appear to have encouraged giving them more at the expense of the other categories. Can we say that in this case a change in the rate did not encourage a change in behaviour?

Figure 8 shows the proportion of property that paid Legacy Duty each year according to category of legatee. The main trends are related to changes in the applicability of the Duty in 1881 and 1910. The pattern between 1869 and 1882 (when the exemption of lineal legacies introduced in 1881 began to take effect) is steady. At this point, spousal legacies do not pay duty and we do not know how much personal property they were bequeathed. Lineal legacies run at about 55–60 per cent; legacies to siblings and their descendants account for about 35 per cent of the total visible legacies. The low proportion of property liable to lineal duty between 1883 and 1910 (about 40 per cent dropping to about 10 per cent) is an effect of the law, not a change in attitude to lineal legatees. At this point, for the same reason, the proportion going to other categories of legatee increases, with siblings and their descendants getting the major share (from 40–60 per cent approximately). From 1910 onwards spouses are liable to Legacy Duty for the first time and so make their debut appearance in the Figure. They pay at much the same rate and with similar (though a little more generous) exemptions to lineals and so it is useful to see that the proportion of personal property going to spouses is less than half of that to lineals — a matter to be investigated in the analysis of our sample of wills. It appears at first glance as if spouses get only about half of the property going to siblings and their descendants, but the major exemptions for spouses means that their total share is under-represented.

33 A survey covering the period 1940–50 found that the percentage of male testators leaving their wives a life interest rose from 11% for small estates (under £2,000), to 21% for estates between £2,000 and £5,000, to 45% for estates over £5,000. See Report of the Committee on the Law of Intestate Succession, 1951 [3], p. 7.
Figure 7. Annual amount of property (£s) paying Legacy Duty, 1869–1930, according to category of legatee
Source: As Figure 5
Figure 8. Proportion of property on which Legacy Duty was paid, 1869–1930, according to category of legatee

Source: As Figure 5
The applicability of the Succession Duty remained the same from 1853, when it was instigated, until 1881 when the lineal rate of 1 per cent was not applicable on settled personal property if Probate Duty had been paid. According to Figures 5 and 6 (pages 13 and 14), however, this change had little effect either on the amount of property liable or on the revenue received. In 1888, legacies charged on realty and moneys arising from the sale of land were removed from Legacy Tax and added to Succession Duty. Both the capital paying the Succession Duty and the revenue received rose somewhat at this point, but it is not a sufficiently marked change for us to feel assured that it was not simply a continuation of the pre-existing pattern. A major departure came in 1894 when unsettled estates of under £1,000 were relieved of liability to Succession Duty and the lineal rate of 1 per cent was removed for all successions in estates that had already paid the new Estate Duty. The Act also shifted Succession Duty from the life interest in a succession to the capital value (though it was payable by instalments if required). The amount of property liable and the amount of duty paid both dropped at this point (Figure 5) and we can see, from Figure 9, that it was lineal liability that was the most affected. Prior to this Act, by far the largest amount of dutiable succession property passed to lineals and the amounts had been rising during the previous 25 years. But in 1894/5 the lineal liability plummeted and continued to decline from 1897 until 1910.

It is interesting to see (Figure 9) that the exemption of estates of under £1,000 in 1894 did not result in a big drop in the amount of succession property passing to siblings and their descendants, suggesting that it was predominantly estates of £1,000 and up that passed real property to siblings and their descendants. This is broadly supported by Green and Owens’s finding that wealthier people were more likely to own real estate: while about 18 per cent of estates of £1,000 or less included real property, this rose steadily as wealth increased — to 70 per cent of estates valued at over £50,000.  

Figure 9. *Amount of property (£s) paying Succession Duty according to category of successor, 1869–1930*  
*Source:* As Figure 5
In 1910, spouses became liable for Succession Duty for the first time and the amount they were responsible for rose steadily but gently from 1910 to 1930. The exemptions for spouses were not dissimilar to those for lineals, so it is possible to make a straightforward comparison between these categories for the period 1910–1930 and to see that spousal successions never amounted to as much as lineal successions. As discussed above in relation to Legacy Duty, the deceased left, generally speaking, more lineal issue than spouses. However, using this as an explanation of the different amounts of Succession Duty paid by the two categories would imply the division of testators’ real estate between spouses and issue. An alternative explanation might be that real estate was left primarily to lineal issue. This question is to be addressed in our analysis of the will sample.

Looking at the proportion of successions in different categories (Figure 10) the effects of the 1894 and 1910 Acts are clearly visible: the drop in lineal liability after 1894; and the introduction of spousal liability on substantial estates in 1910. Until 1881, apart from spouses, all categories of successor were equally liable to Succession Duty and Figure 10 shows that (leaving spouses out of account) lineal issue received about 70 per cent of successions. However, the trajectory of the proportion of lineal liability is difficult to read over the longer run, since after 1910 only about 4 per cent of all estates were subject to lineal liability, compared with 100 per cent prior to 1881. Nor, because of the exemptions after 1881, is it possible to compare the proportion of successions going to lineal issue with those going to other categories of recipient. However, if succession property going to lineals and spouses is removed from the equation, we find that the proportions going to the other categories remained reasonably consistent over time: siblings and their descendants took about 65–73 per cent of the remainder; uncles, aunts and cousins about 5–15 per cent; and ‘others’ about 15–20 per cent; great uncles and aunts and their descendants took only a small proportion.

Finally, Figures 11–14 compare the two duties, showing the proportions of property paying for each according to the category of recipient. Figures 11 and 12, for siblings and their descendants and for ‘others’ respectively, both show the effect of exemptions on lineals between 1881 and 1894. As lineal legacies and successions were removed from liability, the proportion of duty paid by the remaining groups rose, although this does not indicate that they were, in fact, taking a larger share of inheritances. Leaving this period out of account, there appears to be a real change in practice regarding inheritances for siblings and their descendants. For the first part of the period, up until the early 1880s, they received proportionally more (a difference of about 10 per cent) legacies than successions. From 1910 onwards that gap all but disappeared. Spouses (Figure 14), too, received similar proportions of legacies and successions after 1910, when they became liable for duty for the first time. These spouses, however, only relate to the approximately 4 per cent of dutiable
Figure 10. Proportion of annual total of property paying Succession Duty according to category of successor, 1869–1930

Source: As Figure 5
Figure 11. Comparison of the proportion of property paying Legacy and Succession Duty for siblings and their descendants, 1869–1930
Source: As Figure 5

Figure 12. Comparison of the proportion of property paying Legacy and Succession Duty for ‘others’, 1869–1930
Source: As Figure 5
Figure 13. *Comparison of the proportion of property paying Legacy and Succession Duty for lineals, 1869–1930*

*Source:* As Figure 5

Figure 14. *Comparison of the proportion of property paying Legacy and Succession Duty for spouses, 1869–1930*

*Source:* As Figure 5
estates that were valued at £15,000 or above. For ‘others’ (Figure 12), leaving aside the period when lineal exemptions altered the proportions, the situation did not change — they continued to receive slightly more legacy than succession property, in about the same amounts.

Figure 13 suggests that, overall, lineals took a larger proportion of successions than they did legacies. However, there was a small shift in this pattern over time. Until the early 1880s, lineals paid the same rates for both duties and accounted for more succession than legacy property. From 1881 to 1894, exemptions applied more to legacies than to successions, which accounts for the marked widening of the gap and the apparent drop in lineal legacy inheritance. From 1894 onwards the exemptions on the two duties were equalized once more and we can see that lineals continued to take more succession than legacy property and that, at first, the gap was wider than in the 1880s. From 1910, however, when exemptions meant that only a small number of larger estates were dutiable for lineals, the gap between successions and legacies narrowed somewhat. And we can see from Figure 5 (page 13) that although the generally low amounts liable to Succession Duty between 1896 and 1910 increased subsequently, when lineals and spouses were brought back into liability, the increase was nowhere near as marked as it was with Legacy Duty, in spite of the exemption system being the same.

How can we account for this? Green and Owens, in their study of wealth holding 1870–1902, find that ownership of real estate increased as wealth increased. But they also find that, as estates got larger, the balance between real and personal property (especially shares and securities) changed, with real estate becoming less dominant.\(^{35}\) The exemptions of lineal and spousal liability for estates of under £15,000 means that we are only tracking lineal and spousal liabilities for substantial estates — that is where personal estate was a more significant element. But, additionally, the discrepancy between the trajectories of personalty and reality liable to duty needs to be considered against both the changing nature and size of the wealth-transmitting population (as outlined above, page 3) and a broad shift in the composition of estates over the period, with stocks, shares and securities becoming increasingly important, as discussed by Janette Rutterford and colleagues in ‘Who comprised the nation of shareholders? Gender and investment in Great Britain, c. 1870–1935’.\(^{36}\) The annual reports of the Inland Revenue provide a detailed aggregate breakdown of the composition of property liable to Estate Duty from 1896 onwards. This tax applied to all estates valued at £100 or over, with no exemptions. The records therefore provide a


\(^{36}\) Rutterford, Green, Maltby, and Owens, ‘Who comprised the nation of shareholders? Gender and investment in Great Britain, c. 1870–1935’.
more complete aggregate picture of the types of wealth transmitted at death. They show that between 1896 and 1905 estates comprised 69 per cent personalty and 31 per cent realty. The proportion of personalty increased thereafter, from 72 per cent between 1906 and 1915, to 77 per cent between 1920 and 1927, and to 82 per cent between 1928 and 1935.

The annual reports also show some changes in the importance of the different types of personalty and realty passed on at death. With regard to personalty (Table 3), ‘paper’ investments — stocks, share, government and other securities — grew in significance, comprising 56 per cent of personalty between 1896 and 1915, but rising to 65 per cent for the period 1920–35. The balance between government securities and stocks and shares, also shifted, with a very large rise in the proportion of government securities after 1920. At this point 64 per cent of the government securities transmitted at death were War Bonds (categorized as British Government securities issued since 1914), which offered investors a good and secure rate of interest. Another point of note is that while most of the other components of personalty remained reasonably stable, the proportion comprised by trade assets dropped off over the period, from 9 per cent to 4 per cent.

Table 3. The composition of personal wealth transmitted at death, 1896–1935

<table>
<thead>
<tr>
<th>component</th>
<th>1896–1916</th>
<th>1920–1935</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government &amp; municipal securities (UK and abroad)</td>
<td>10%</td>
<td>27%</td>
</tr>
<tr>
<td>Stocks, shares</td>
<td>46%</td>
<td>38%</td>
</tr>
<tr>
<td>Cash</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Money lent on mortgages, bonds, bills &amp;c</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Trade assets</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>Policies of insurance</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Household goods</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Other personalty</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Total personalty</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sources: Annual Reports of the Commissioners of the Inland Revenue, 1896–1935

For realty (Table 4), the most marked change in the types of property related to ‘house property and business premises’, which always comprised the single largest element but which rose from 57 per cent of the total value of realty in the pre-war period to 69 per cent between 1920 and 1935. The proportion of the value of estates made up by land decreased from 28 per cent to 23 per cent.

Table 4. The composition of real wealth values transmitted at death, 1896–1935

<table>
<thead>
<tr>
<th></th>
<th>1896–1916</th>
<th>1920–1935</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td>House property &amp; business premises</td>
<td>57%</td>
<td>69%</td>
</tr>
<tr>
<td>Ground rents &amp;c</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Mines, minerals, quarries</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Other realty</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Total realty</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sources: As Table 3

The shifting balance of the aggregate components of transmitted wealth points to an area of investigation in our overall project. As Green and Owens have done for the period 1870–1902, we will consider the factors that influenced the changing shape of wealth portfolios: firstly, the overall size of individuals’ wealth holding; secondly, cultural and social factors, such as gender and familiarity (or not) with wealth management; and thirdly, market-side factors, such as an increase in house building, changing land values, and the balance between entrepreneurs and employees in the population. Additionally, analysis of our sample of testamentary provision will allow us to examine issues such as the changing importance of trade assets and their transmission at death.

II

The following section attends to those death duties that were based on the size of the estate without regard to the ultimate destination: Probate (and Inventory) and Account Duty; and Estate Duty.

Probate Duty was a tax on the total value of an estate’s personal property, before it was passed on to the heirs. First introduced in 1694, it was originally a flat-rate stamp duty but in

38 Green and Owens, ‘Geographies of wealth: real estate and personal property ownership in England and Wales, 1870–1902’.
the late eighteenth century it was transformed into a progressive ad valorem tax on personal estates of £20 or more. The rates were much modified during the nineteenth century; until 1881 the charge was made on gross values but subsequently it was levied on the net. At the same time, the rates were simplified: estates of over £1,000 paid 3 per cent; smaller estates paid less and for personal estates of £300 or less (gross), the Probate and Legacy Duty were commuted into a single payment of 30s. As already noted, in 1881 payment of Probate Duty relieved lineal beneficiaries of paying Legacy or Succession Duty on personal property (settled as well as unsettled). The Account Duty was introduced in 1881, as a supplement to Probate Duty, to tax death-bed gifts and certain other inter vivos evasions.\(^{39}\) Probate and Account Duties were superseded by the Estate Duty in 1894.

In 1889 an Estate Duty was imposed by the Conservative Chancellor George Goschen. Rather than taxing income to increase revenue, Goschen imposed an additional death duty of 1 per cent on personal estates of £10,000 and upwards, payable before division of the estate; but for realty it was only chargeable on individual successions of £1,000 and upwards and was payable by instalments. While the full capital value of personal property was chargeable, the capital value of land was to be ascertained from the net rental. This Estate Duty, then, protected landed property at the expense of personalty.

A ‘New Estate Duty’ (henceforth simply Estate Duty) replaced Goschen’s tax (henceforth Temporary Estate Duty) in 1894. It was a major change brought in by the Liberal Chancellor William Harcourt (Finance Act, 1894) as part of a shift in the fiscal constitution. As Daunton discusses, its introduction was underpinned by the political need to appeal to the lower-middle and working classes.\(^{40}\) The Duty was payable on all estates of £100 or more and was paid out of the estate, before distribution, rather than by the beneficiaries. It was a graduated tax, with larger estates paying proportionately much more than smaller ones. (See Illustration 1 for the rates, which were increased at the higher levels several times during our period as inherited wealth was seen as ‘fair game’.\(^{39}\)) The maximum rate increased from 8 to 50 per cent (on £2,000,000 and up) between 1894 and 1930.

\(^{39}\) Buxton and Barnes, Death duties, pp. 4–13.
\(^{40}\) Daunton, Trusting Leviathan, pp. 239 ff.
**TABLE 8.—Rates of Estate Duty.**

Small estates—where the gross value does not exceed £300, may be paid

Small estates—where the gross value exceeds £300 and does not exceed £500—a fixed duty of 30s., may be paid

Estates not exceeding £100 net are exempt.

<table>
<thead>
<tr>
<th>Net Principal Value of the Estate</th>
<th>Rate of Duty per cent. when the death occurred:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeds £500</td>
<td>£1 £1 £1 £1 £1 £1 £1 £1</td>
</tr>
<tr>
<td>100</td>
<td>1 1 1 1 1 1 1 1</td>
</tr>
<tr>
<td>500</td>
<td>2 2 2 2 2 2 2 2</td>
</tr>
<tr>
<td>1,000</td>
<td>3 3 3 3 3 3 3 3</td>
</tr>
<tr>
<td>5,000</td>
<td>4 4 4 4 4 4 4 4</td>
</tr>
<tr>
<td>10,000</td>
<td>5 5 5 5 5 5 5 5</td>
</tr>
<tr>
<td>20,000</td>
<td>6 6 6 6 6 6 6 6</td>
</tr>
<tr>
<td>50,000</td>
<td>7 7 7 7 7 7 7 7</td>
</tr>
<tr>
<td>100,000</td>
<td>8 8 8 8 8 8 8 8</td>
</tr>
<tr>
<td>200,000</td>
<td>9 9 9 9 9 9 9 9</td>
</tr>
<tr>
<td>500,000</td>
<td>10 10 10 10 10 10 10 10</td>
</tr>
<tr>
<td>1,000,000</td>
<td>11 11 11 11 11 11 11 11</td>
</tr>
<tr>
<td>2,000,000</td>
<td>12 12 12 12 12 12 12 12</td>
</tr>
<tr>
<td>5,000,000</td>
<td>13 13 13 13 13 13 13 13</td>
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<tr>
<td>10,000,000</td>
<td>14 14 14 14 14 14 14 14</td>
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<tr>
<td>20,000,000</td>
<td>15 15 15 15 15 15 15 15</td>
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<tr>
<td>50,000,000</td>
<td>16 16 16 16 16 16 16 16</td>
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<tr>
<td>100,000,000</td>
<td>17 17 17 17 17 17 17 17</td>
</tr>
<tr>
<td>200,000,000</td>
<td>18 18 18 18 18 18 18 18</td>
</tr>
<tr>
<td>500,000,000</td>
<td>19 19 19 19 19 19 19 19</td>
</tr>
<tr>
<td>1,000,000,000</td>
<td>20 20 20 20 20 20 20 20</td>
</tr>
</tbody>
</table>

* Other rates of Estate Duty, viz., 1, 1.5, 2 and 21% per cent. may also arise in the circumstances set out in section 13 (3) of the Finance Act, 1909.

† The amount of duty is, where necessary, to be reduced so as not to exceed the highest amount which would be payable at the next lower rate plus the amount by which the rates of the estate exceed the value on which the highest amount of duty would be payable at the lower rate.

‡ The first £1,000,000 chargeable at 10 per cent.; the remainder at the rate shown.

Graduation in death duties was more easily accepted than graduation of income tax but it paved the way for later changes in this respect.\textsuperscript{41} It was also an attempt to equalize the death duties on personal and real property, which was a long-standing matter of contention, since it was calculated on the total value of an estate, including real and settled property as well as personalty, thereby applying to landowners as much as to small entrepreneurs. However, the value of land was calculated at a favourable rate to the owner. Additionally, settled property was only liable once during the term of the settlement – not on each passing – paying instead an additional settlement estate duty of 1 per cent. This was amended in 1914 when, except in the case of spouses, Estate Duty was imposed on each passing of settled property (and Settlement Estate Duty was abolished). Estate Duty was at first also imposed at the next succession on heirlooms and settled personal estate (which had hitherto been protected) raising large amounts of revenue from the owners of country house collections but in 1896 personalty in the form of paintings, books, works of art, scientific collections or other things of national, scientific or historic interest were exempted as long as they were settled. This was a big concession to country house estates and virtually all their contents.\textsuperscript{42} In 1906, in a democratising move, Lloyd George extended this to unsettled personalty too.\textsuperscript{43}

The payment of at least basic Estate Duty was key to exemptions from Legacy and Succession Duties. But where Legacy and Succession Duty were payable, so was Estate Duty — the same capital paying more than one duty. It is not possible therefore to compare the amounts of capital paying the different duties. However, it is useful to compare their absolute receipts (Figure 15). It can be seen that the Estate Duty brought in very large amounts of revenue, which increased each time the rates on larger estates were raised. It superseded Probate and Inventory Duty and Account Duty but, even from the start, its receipts outweighed those predecessors. And after the first year of its imposition, its receipts also outweighed those of the Legacy and Succession Duties combined — very substantially from 1910 onwards. In 1895, the Legacy Duty brought in 30 per cent of the total death-duty receipts, Succession Duty 14.5 per cent and Estate duty 41 per cent; in 1910 Legacy Duty brought 16 per cent, Succession Duty only 3 per cent and Estate Duty 80 per cent; by 1930 the proportions were respectively 11 per cent, a mere 1 per cent from Succession Duty, and Estate Duty 88 per cent.

\textsuperscript{41} Ibid, p. 225.
\textsuperscript{42} For a full discussion of the taxable status of heirlooms and settled personal estate see Mandler, ‘Art, death and taxes: the taxation of works of art in Britain, 1796–1914’.
\textsuperscript{43} Daunton, Trusting Leviathan, p. 249.
Figure 15. Annual receipts (£s) of the various death duties, 1859–1930

Source: As Figure 5
This raises the crucial question of why it was considered necessary or expedient to continue with the Legacy and Succession Duties (until 1949), given that the Estate Duty fell on both personality and realty and that it was so apparently successful in terms of revenue. Dunn notes that there were suggestions that the death duties would be better combined into a single tax, not least on the grounds of administrative simplicity and efficiency, but that the principle of ‘natural expectations’ continued so dominant that the traditional differential rates — low or non-existent for lineals and spouses and higher for more distant relatives and strangers — of the Legacy and Succession Duties were retained. Indeed the exemption given to lineal legacies and successions if the estate paid Estate Duty, underscored this. Although testators had considerable freedom to dispose of their property as they wished, there was a long-standing normative structure for familial provision after death which the state reinforced both by the categorisation of beneficiaries formulated in the Legacy and Succession Duties and by the establishment of differential rates of duty. As already mentioned, the rules of intestacy were amended in 1890 and 1925, making appeal to ideas of the right to support of spouses and lineal issue. But there was also an idea that it was fair for individuals, receiving a benefit for which they had not had to work, to pay a tithe.

III

To summarize. This paper discusses the death duties in force in Britain between 1859 and 1930, the period addressed by the project ‘Inheritance, families and the market in nineteenth- and twentieth-century Britain’. It does this from two angles. Firstly, it provides a concise account of the notoriously complicated death duties. In highlighting significant changes in the duties it identifies moments at which the underlying assumptions, beliefs and intentions concerning the transmission of wealth through inheritance needed to be mobilised. Martin Daunton’s Trusting Leviathan has unpacked the changing political, philosophical, ethical and fiscal imperatives that drove changes to the death duties in the nineteenth and early twentieth centuries. In our present project we are additionally concerned with how those imperatives intersected with ideas about intergenerational and intragenerational familial provision through the mechanism of inheritance. The present descriptive account indicates instances which raise particular questions about that intersection.

The already low rate of lineal liability to Legacy Duty was removed in 1881 and again in 1894. There was also a similar, though initially more restricted, exemption from Succession Duty. This involved a rearrangement between different duties, which made for administrative efficiency. But why did it apply only to lineal successions? What were the

underlying ideological reasons? There was a partial reinstatement of lineal liability in 1910, when spouses also became liable. How was this reconciled with changes in the laws relating to intestacy, which were prioritising widows as beneficiaries? The 1910 imposition of these duties on spouses and lineal issue only applied to substantial estates. Does this suggest that taxing wealth — and especially inherited wealth — was more of an imperative than familial provision? Leroy Dunn notes that ability to pay was an increasing principle of taxation.45

The changes of 1894 are a particular crux. The new Estate Duty fell on both personalty and realty and was calculated on the total estate rather than individual benefits received. It was therefore simpler to collect than the Legacy and Succession Duties. As a graduated tax it was useful politically, appealing to the growing numbers of lower-middle and working-class voters. It brought in a large amount of revenue. So why were the Legacy and Succession Duties, with rates that privileged close family members, not abolished? It is beyond the scope of the present paper to answer such questions. The aim at this point is, rather, to highlight issues to be addressed in our forthcoming working paper ‘Family, Property and the State’, which examines a range of contemporary debates and discussions for the sometimes contested principles and assumptions underlying the death duties.

The second concern is to use data published by the Inland Revenue to gain insight into aggregate practices of transmission of wealth at death. This is possible because the Inland Revenue reported the payment of certain duties according to different types of property and by different categories of recipient. The reports also provide information on changes in the number, size and composition of dutiable estates, giving one context for interpreting the data.

We find that the proportion of successions going to beneficiaries other than spouses and lineals did not vary much over the whole period and that siblings and their descendants were the next most favoured category. When, in 1894, estates valued at less than £1,000 were exempted from Succession Duty there was only a small decline in the amount of succession property passing to siblings and their descendants (the drop was somewhat larger for legacies) which suggests that it was mostly estates of over £1,000 that passed realty to this group. The figures also suggest that changes in the rates did not have a great effect on patterns of practice: lineals were relieved of Legacy Duty in 1881 but this was not accompanied by a drop in the amounts going to other categories of legatee — if the lineal exemption had encouraged testators to leave more to lineals, there would have been less left for the other categories.

Unfortunately, the differential rates of duty and the manifold exemptions mean that long-term trends are often not discernible. Even so, the data raise interesting questions about practices of transmission. For example, the present paper has found that for large estates, post-1910, when lineal successions and legacies were exempted and taxed at the same rates as spousal benefits, lineal receipts were higher than spousal. Does this reflect a practice of partible distribution between the spouse and a larger number of lineal issue? Or is it better explained by the practice of bequeathing spouses a life-time use or income from the property, with children getting the capital outright? Or might the difference be accounted for if just one of a testator’s issue took the lion’s share?

At the start of our period, lineals took more succession property than personalty. But from 1910 the gap between successions and legacies narrowed very considerably. At this point only substantial estates were dutiable for lineals. Large estates comprised mixed portfolios while medium-sized estates tended to be dominated by realty. Is it the case, then, that large estates were able to pass mixed property to lineals but that smaller estates had less scope for this? Or is the difference related to change over time rather than size of estate? We know that, on the whole, the balance of wealth portfolios shifted, with personalty coming to predominate over realty. On the other hand, for siblings and their descendants, the balance of legacies and successions shifted in the opposite direction.

Such issues are addressed through the project’s quantitative analysis of a sample of 600 wills for the period 1852 to 1933 the results of which will be available in due course on the project’s website http://historyofwealth.org
Footnote references


Daunton, M., Just taxes, (Cambridge, 2002).


Official publications
