Tax dodging property owners will find it harder to shield assets from Inheritance Tax liabilities following the Chancellor's announcement that the government would go after those responsible for advising and setting up the schemes.

In this week's Spring Budget, Philip Hammond said those enabling tax avoidance would now face penalties if the tax scheme was later overturned by HMRC.

Banks had already tightened policies on lending to company structures which appeared to be set up for the sole means of tax avoidance, but this latest announcement from the government could see the practice dry up altogether.

Ian Gray, senior partner, Kinnison, said: "This will put an end to the vast majority of non-domiciled property owners using offshore companies to purchase property in the UK, which helps them to avoid paying duties such as Inheritance Tax.

Gray said homeowners and professional advisers both needed to tread carefully going forward, to ensure that the advice they used was sound and could not be construed as a means to avoid tax.

Non-domiciled citizens are typically foreign nationals living in the UK but have their permanent home in a different country. Depending on their circumstances, they may not have to pay tax on foreign income.

The problem over the last few years, said Gray, had been 'non-doms' using offshore company structures for their homes to try and avoid paying Inheritance Tax on the value of their home on death.

Noel Edmonds, mortgage manager, Largemortgageloans.com, said: "Schemes where non-domiciled property owners arrange investment properties in company structures can be legitimate transactions. However, we would always recommend they receive professional tax advice with regards to tax arrangements as mortgage brokers are unable to provide this advice. In setting up this structure there are higher upfront Stamp Duty fees, ongoing compliance costs and possible Land Tax obligations. This is where a reputable professional tax adviser can advise if these schemes are legitimate, and if the costs outweigh the benefits."

Edmonds said that banks had tightened their own procedures around lending to complex company structures.

"Private banks have already been looking into complex schemes and generally do not lend against them, as they seek their own legal advice on whether to provide finance or not," he said.