

BUSINESS DEVELOPMENT IN BUSINESS RELIEF

Adviser Guide



In association with



Downing

Downing is an investment manager founded in 1986 and provides a range of investment solutions designed to meet the needs of institutional investors, advisers and private investors. Based from five offices throughout the UK and Europe, we manage £2.3 billion in assets across private and public markets and offer a suite of funds, investment trusts, and tax-efficient products.¹ We are committed to delivering long-term value and attractive investment opportunities across our investment range.

Our main specialism lies in estate planning solutions. We provide access to Business Relief (BR)-qualifying investments designed to offer relief from inheritance tax (IHT) after just two years.

We've been managing estate planning solutions since 2007 and were awarded "Best Tax and Estate Planning Solutions Provider" at the Investment Life & Pensions Moneyfacts Awards 2024.

We provide flexible estate planning solutions, enabling financial advisers to match products to each client's needs and investment time horizon, with the option to combine services for a truly bespoke strategy:

Downing Estate Planning Service

Targets steady annual returns of 3–4.5% p.a. (net of Downing ongoing fees) through investments in asset-backed businesses, such as renewable energy and infrastructure. The portfolio includes over 9,000 assets across 13 sectors.²

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Targets growth-focused annual returns of 5–7% p.a. (net of Downing ongoing fees) through investments in asset-backed needs-based businesses, such as healthcare, housing and education.

Downing AIM Estate Planning Service

Seeks attractive opportunities in AIM-listed businesses that we believe have strong potential for growth. The portfolio includes 25–40 companies across a variety of sectors and is available in an ISA wrapper.

All services include our unique **Wealth Guard** – built-in downside protection that shields investments from a 20% fall in value at no extra cost to investors. Find out more about how Wealth Guard benefits our AIM Service at downing.co.uk/daeps. Optional **Life Cover** is also available. See T&Cs for full details.

¹ As at 31 March 2025

² As at 30 June 2025

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[Find out more](#)



Foresight

Invest Build Grow

Foresight Group is one of the UK's most experienced managers of tax efficient investments.

Established in 1984 it manages money for c.40,000 retail investors and over 200 institutional investors, including some of the world's leading financial institutions, government organisations, pension funds and insurance companies. Foresight Group operates in eight countries across Europe and Australia with assets under management of £12.4 billion¹ and is a constituent of the FTSE 250.

Foresight's flagship Business Relief (BR) solution is a £1.7BN² multi-award winning, and Defaqto 5 Star and Diamond rated fund, focused on protecting investors assets against Inheritance Tax. It has been designed to offer simplicity and flexibility, while investing to enable change and protect future generations.

Introduced by the UK government in 1976, Business Relief is an established tax allowance designed to incentivise investment into unlisted trading businesses. Shares that qualify for Business Relief can be passed down to beneficiaries free from IHT, providing they have been held for a minimum of two years. That means investors who choose to own BR qualifying shares can protect against inheritance tax in just two years³.

Our principal objective is to make investments that we expect to qualify for BR and deliver stable returns for investors. We achieve these aims by investing into a diversified portfolio of underlying infrastructure businesses and other trades, covering sectors such as renewables; fibre broadband; reserve power; secured lending and forestry; with the objective of managing risk to capital and delivering predictable returns.

Contact us to learn more about Business Relief and how to incorporate it into your adviser toolkit.

¹ 30 Sept '24

² 31 Dec '25

³ From April 2026, IHT relief on BR-qualifying assets over £1 million will be reduced to 50%.

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[Find out more](#)





Puma Investments is part of the Puma Capital Group which comprises four businesses focused on delivering long-term sustainable growth for our investors and partners. Together, they manage more than £1 billion in assets, supplied funding to more than £3 billion of development projects across the UK and helped more than 65 companies on their journeys to success.

Puma Investments offers a broad range of alternative investment solutions to wealth managers, financial advisers and individual investors. Our award-winning solutions include long-established inheritance tax solutions, VCTs and EISs.

Those inheritance tax solutions support a range of estate planning strategies through Business Relief qualifying investments focused on delivering long-term growth whilst preserving wealth for future generations, with an eye on positive environmental, social and governance impacts.

We have three offices in London, Edinburgh and Manchester, with an expert team of Business Development Managers ready to help you achieve the best outcomes for your clients and to navigate the upcoming changes that will almost double the number of inheritance tax payers in little more than five years.

OUR BUSINESS RELIEF OPTIONS

Puma Heritage Estate Planning Service

The Puma Heritage Estate Planning Service invests in private trading companies, including Puma Heritage Ltd, which have a conservative trading strategy focused on secured lending. We are proud to have arranged real estate loans totalling in excess of £1.8 billion across over 750 individual loans, and with no capital losses to date generating consistent returns in excess of our target return of 3% each year for our investors.

(From April 2026, investments in the Service will attract 100% Business Relief up to the first £1 million and 50% thereafter)

Puma AIM Inheritance Tax Service

The Puma AIM Inheritance Tax Service offers the potential growth opportunities of a carefully selected portfolio of AIM stocks combined with the benefits of IHT relief. It's also available in a tax-efficient ISA wrapper.

(From April 2026, investments in the Service will attract 50% Business Relief and not count towards £1 million 100% IHT-free allowance)

These investments can be viewed as high risk. Investors' capital may be at risk and investors may get back less than their original investment.

Contact us

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[Find out more](#)



With the publication of the draft Finance Bill 2025/26, the changes to Business Relief and Agricultural Property Relief announced in last year's Budget, along with the imposition of IHT on pensions, are progressing into law.

Whether it's the introduction of a £1m threshold for obtaining 100% Business Relief/APR, the capping of Business Relief available on AIM quoted shares (to 50%) or the aforementioned imposition of IHT on pensions, there are plenty of reasons why investors will be reviewing their portfolios now and in the coming months.

Seneca Partners has offered an unquoted Business Relief IHT Service since 2014 and has built up a reputation for delivering on or above target returns ("the most consistent return in the sector")* of 4% p.a. available as growth or a quarterly income, in a service that has "some of the lowest fees levied over 5 years"**.

Trading as a secured commercial lender, the IHT Service has a diverse portfolio of assets held as security that includes commercial and residential property, stock and vehicles.

The Seneca IHT Service can be included within an investor's £1m band for 100% Business Relief/APR, making it an attractive home for individuals seeking to shuffle their Business Relief assets into an asset backed solution, ahead of the changes being introduced in 2026. Replacement Property Relief will certainly be of interest to those investors, as it means that they won't have to serve another two years before their investment should qualify for Business Relief.

It might also prove to be a good home for any unspent tax-free cash drawn from a pension, as money invested should qualify for Business Relief after only two years.

With a 100% record for "successful deaths" (a dreadful expression used by some in the industry to describe cases when Business Relief should have been granted and indeed was) and always delivering liquidity within our service level agreement, no wonder more and more advisers are considering the Seneca IHT Service as a part of the recommendations they make.

If you'd like to find out more, please don't hesitate to **get in touch**, especially as we're currently offering advised clients no fees on entry where they are moving funds from an existing AIM portfolio.



Peter Steele

Retail Operations Director



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* Source: Hardman & Co, January 2025

** Source: Martin Churchill's Tax Efficient Review, May 2025



[Visit website](#)

Unstructured CPD

Readers can claim unstructured CPD for time spent reviewing this guide. Suggested learning outcomes could include:

- 1 Understand where Business Relief can boost client engagement
- 2 Explain how to mitigate risks through effective client communication
- 3 Appreciate the estate planning opportunities created by recent and upcoming IHT legislative changes
- 4 Identify methods to address potential commercial issues of including Business Relief in your advice offering
- 5 Define value-add for clients offered by new aspects of Business Relief
- 6 Build awareness of professional connections that can assist with Business Relief knowledge

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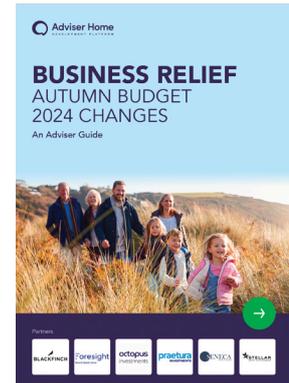
INTRODUCTION

Why Business Relief is becoming a more valuable part of estate planning

Welcome to the Adviser Home guide to Business Development in Business Relief.

Sitting alongside Adviser Home's recent adviser guide to [Business Relief and the Autumn budget 2024 changes](#), this guide aims to outline ways to safely establish and/or build your Business Relief client practice to comply with the Consumer Duty and take advantage of the substantial business opportunity.

We also include an annex describing the updates made on Legislation Day (L-Day), on 21 July 2025, to the Consultation outcome on "Reforms to inheritance tax agricultural property relief and business property relief: application in relation to trusts" and the new policy paper on the reforms.



Just to recap, the main changes outlined in the Autumn budget 2024, will:

- 1** Place a combined cap on 100% Business Relief for BR-qualifying unlisted assets and Agricultural Property Relief-qualifying assets totalling £1 million, with any excess receiving 50% relief, meaning IHT is chargeable at 20%. This takes effect from 6 April 2026 and is likely to impact businesses, farms and individuals who have used BR to shelter significant amounts from IHT.
- 2** Cap Business Relief available on any AIM-listed BR-qualifying shares at 50%. AIM-listed BR-qualifying shares will not count towards the £1 million 100% relief cap. This takes effect from 6 April 2026 and may cause large numbers of investors holding AIM-listed BR-qualifying shares to sell them and reinvest in private, asset-backed BR-qualifying shares.
- 3** Bring unused pension capital into the deceased's estate for IHT purposes. This takes effect from 6 April 2027. According to ONS data, pensions contribute over a third (35%) to UK wealth.
- 4** Extend the freeze or the Nil Rate Band (NRB) and Residence Nil Rate Band (RNRB) for a further two years, causing additional individuals, with rising house values and wages fuelled by inflation, to be caught in the IHT net.

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As a result, diversification of estate planning methods looks set to become even more critical as average estate values inevitably rise, potential IHT bills follow and the numbers of those with IHT planning needs grows. From this perspective, the use and utility of Business Relief, whether in combination with other estate planning methods such as gifts and trusts, or not, is quite likely to increase rather than dip.

HMRC's latest IHT statistics, covering 2022/23, show an increase in the use of both BR and APR, stating:

"the combined value of agricultural and business relief set against assets was £5.28 billion in the tax year 2022 to 2023. This was a rise of £0.86 billion (19%) compared to the tax year 2021 to 2022. The value of BR claimed rose by £0.49 billion (17%), whilst the value of APR claimed rose by £0.37 billion (24%)."

If you aren't taking action, you may find yourself falling foul of the Consumer Duty by not addressing new foreseeable harms to planned outcomes that have been created for large portions of adviser client books. You may also be missing the chance to give advice on an area that is becoming more and more mainstream, with numbers of those with IHT bills forecast to almost double by 2029/30.

Risks of heavy penalties where IHT is underpaid are also on the rise, with HMRC reporting in its annual report for the year ended 31 March 2025, that it believes up to £343 million in IHT has been underpaid by wealthy taxpayers in the past year, up £18 million. Talking to FTAdviser, TWM Solicitors warned this figure for suspected tax avoidance and evasion (known as tax under consideration) could go up significantly in future years as HMRC increases the scope of assets eligible for IHT and its investigations of possible IHT under-reporting whether deliberately or inadvertently.

Put this all in the context of the Great Wealth Transfer, as well as IHT receipts that are already skyrocketing before most of the changes take effect, and demand for estate planning (whether your clients know it or not yet) is set to soar.

With Business Relief able to deliver mitigation in some circumstances when little else will work as well, it could be a real game-changer offering what are likely to be the best outcomes for some of your clients. Simply not considering it or dismissing it because you don't like the risk profile (particularly when BR is combined with other estate planning methods can produce a blended IHT rate that is acceptable to some clients for a portion of their portfolio) will not satisfy the regulator.

Take for example:

- Clients with lost capacity to make financial decisions which are legally ceded to a third party by way of a Power of Attorney. That client may have been adamant that they want to be as IHT efficient as possible on death, but access is still required to their funds as their physical health remains robust. A Business Relief investment made by the attorney in the client's own name will not require long and potentially costly approval from the Court of Protection.
- Elderly or ill clients – who may not live seven years for gifts to become 100% IHT-free.

Add in the current emphasis from both the Financial Conduct Authority and the government on the need for some sensible, higher risk-taking to meet financial objectives, and it's little wonder that the Schroders UK Financial Adviser Pulse Survey 2025 revealed that almost half (46%) of advisers are considering new offerings for specific client segments.



COMPLIANCE CONSIDERATIONS

! REGULATORY PERMISSIONS

Of course, not all advisers are in a position to make BR recommendations. But, if you have retail permissions to advise on shares, you can do so.

“**Roger Blears**, Founder and senior partner of RW Blears LLP makes an interesting point that, “*advisers who are not familiar with the Business Relief market should stick to providing financial planning advice and not seek to be stock pickers.*” Such advice would likely be to use Business Relief product investment managers that specialise in building Business Relief-qualifying share portfolios.

! FINANCIAL SERVICES COMPENSATION SCHEME & FINANCIAL OMBUDSMAN SERVICE

BR products do not provide their investors with access to the FSCS in the event of failure of the product; like any other service where investors hold direct equity in a company, the investment itself doesn't have FSCS cover. The only route to the FSCS is if investors take professional advice and that advice is faulty.

Note that the managers are FCA authorised and may participate in the FSCS (*check their terms*).





ADDRESSING PROFESSIONAL INDEMNITY INSURANCE CONCERNS

As you know, Professional Indemnity Insurance (PII) is a compulsory requirement set by the Financial Conduct Authority (FCA) for all Financial Service advisers. In February 2025, though, the FCA urged companies to check their professional indemnity insurance. It reviewed PII documentation from 269 companies and in some cases temporarily stopped business activity until compliant PII cover was put in place.

Principal firms with appointed representatives are responsible for holding compliant PII to cover the activities of current and former authorised representatives. So, if you are an appointed representative, it's important to check with your Principal that the relevant cover is in place if you wish to move into Business Relief recommendations.

Some PI insurers will increase premiums and excess levels for firms advising on Business Relief because they are working on the assumption that across all insured firms, there will inevitably be some exposure to risk. But, remember that, rigorous compliance and advisory protocols at adviser firms are likely to heavily impact the availability and affordability of PII cover.

What's more, PII costs can be used to offset tax and to reduce capital adequacy requirements:

-  Professional indemnity insurance is tax deductible. Business insurance, including professional indemnity insurance, counts as an 'allowable expense', which means it's a cost you can deduct when you're calculating your taxable profit.
-  FCA regulated firms are required to meet certain regulatory capital requirements and buying Professional Indemnity Insurance is a way of reducing those requirements.

“ According to **John Netting**, chief operating officer at BareRock Group, “*For advisers who are new to Business Relief or have only used it sparingly in the past, my first piece of advice is not to let PI insurance concerns deter you from exploring these products when they're genuinely suitable for your clients.*”

“ He goes on, “*when Business Relief products are used proportionately for the right clients with proper documentation, they shouldn't pose significantly more risk than any other investment product. The problems historically arise when products are sold to unsuitable clients or when the advice process lacks proper foundation. Just remember the old saying 'Don't let the tax tail wag the investment dog!'. The truth is that where a product is suitable for a client it is equally important that a firm can advise on Business Relief otherwise you may be open to a complaint from beneficiaries in the future questioning why you didn't consider it.*”

Continue ►



John Oliver

Business
development
manager



“ One challenge is that tax-efficient investments can sometimes be grouped together when considering options. This can lead to BR being viewed alongside EIS, SEIS, and VCT, despite the significant differences in qualifying criteria and risk profiles. BR offers broader flexibility in terms of investee company size, age, and trading activity. With Consumer Duty now in play, it's increasingly important for advisers to consider all suitable options, and I don't really believe the FCA would accept Professional Indemnity insurance concerns as a reason to overlook BR if it's clearly in the client's best interest.

“ **Denese Molyneux**, chartered financial planner and chair of the STEP England and Wales Regional Committee, can attest that she has *“never had an issue getting insurance for Business Relief – and I do a lot of it. One tip, keep a running list of the cases you write. Insurers invariably ask what you've written, when it was written, how much was invested and what it's worth now. They also ask the percentage value of the Business Relief product as a proportion of the client's investments.”*



Richard
Roberts

Head of sales
development



“ As IHT receipts are set to increase significantly over the next five years Business Relief is becoming increasingly more mainstream and a core part of any good adviser's toolkit. The FCA however still deems it to be a high-risk product due to its complexity and potential for mis-selling to a predominately vulnerable client group, all of which has a potential impact on the cost and availability of PI. For advisers looking to expand more into BR it is important that advisers communicate with their PI insurers in advance – initially helping them better understand their current business, but also on their intention to write more business in this area, and the rationale behind it – e.g. delivering best outcomes for clients (IHT is a voluntary tax after all!). Advisers should look to highlight the processes they have in place around advice suitability, retaining proper records, BR manager research and selection process, client target market, risk profiles and complaints process.

! PLATFORM ACCESS

- “Platforms can provide helpful visibility of available BR investment opportunities but there are no model portfolios” says **Blears**.
- “**Taylor Beavis**, Director & financial adviser of Universe Financial Advice agrees that, “if Business Relief products were readily available on all platforms, they would be easier to recommend. In fact, since many mainstream platforms don’t currently offer Business Relief products there is a potentially huge opportunity for investment platforms to evolve, with more sophisticated clients requiring a broader toolkit to optimise their tax position. Platforms without BR services could be left behind with increasing outflows as other solutions are progressively employed to make Business Relief investments easier for financial advisers to undertake and administer in the near future.”

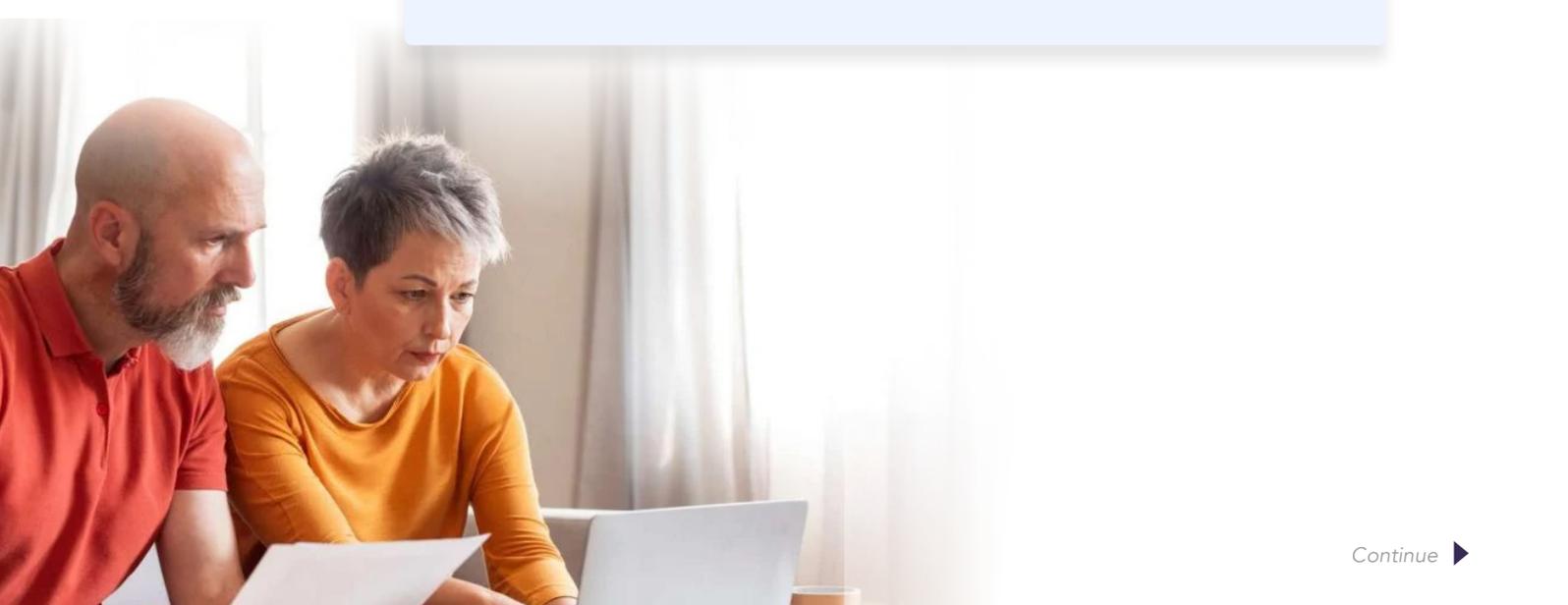


Peter Steele

Retail operations
director



“ There is a genuine risk that clients will move funds out of pensions that are held on platforms into Business Relief solutions that are not. Even if this is limited to the tax-free lump sum (as would seem most likely), this represents 25% of most pension funds. Such transfers will represent a loss of custody fee for those platforms (anything from 0.15% to 0.35%). Until now, many platforms have not allowed access to unquoted shares. From a platform’s point of view, a transfer of funds from pensions to unquoted shares therefore represents a loss of funds and often a loss of fee income. It could be argued that platform providers therefore have a vested interest in allowing unquoted shares to be accessed via their platforms, as long as they can somehow leverage a fee (to replace that lost on the pensions) and obtain sufficient information from the Business Relief solution provider to allow them to show a value for that holding. For advisers using platforms, the ability to buy Business Relief solutions on the platform they use would be a huge benefit when moving pension or other assets across to a Business Relief solution.



Continue ►



George Clelland

Senior investment
product manager



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The majority of platforms generally don't list private companies in the traditional sense. What we're more likely to see is increased interest in AIM-listed portfolios, which are available on platform and can offer IHT benefits. For clients facing potential IHT exposure on pension assets above the nil-rate band, transferring into an AIM portfolio could be a strategic move - especially if they want to retain the assets within the platform environment. 20% IHT versus 40% is still a substantial reduction and a high-performing AIM portfolio could mean that's still attractive. On the other hand, if money starts to flow out of platforms into the sorts of unlisted propositions that BR investments target, then I can't see why platforms wouldn't want to make them more accessible.





VULNERABILITY CONSIDERATIONS

The FCA has made it abundantly clear that firms must treat vulnerable customers fairly and sympathetically and it takes a dim view of advisers failing in their duty of care.

Despite calls for younger people to put in place wills and financial plans, estate planning has traditionally been undertaken with clients who are in their fifties or often much older and research has suggested that the majority of clients being advised on BR are over the age of 65. With age comes the potential of issues, including a lack of financial or technological literacy, health problems such as dementia and failing hearing, eyesight, as well as impactful life events such as the death of a long-standing partner and social isolation.



Nick Priest

Head of strategic
partnerships



The Consumer Duty states that just because a client is vulnerable, they should not be excluded from products that could be useful or provide the outcomes they're are seeking. We have well-documented processes in place to assess and monitor vulnerability with clients. We also do quite a lot of work with power of attorneys. It's important that the investment manager demonstrates that they have the processes in place to make sure that they look after vulnerable clients and for the power of attorney to work in the best interests of the underlying investor. That's likely to include evidence that, before they lost capacity, the grantor had some kind of tax efficiency objective in their decision-making processes.

As a result, the target market for Business Relief investors is likely to encompass an even higher proportion of vulnerable clients than the 51% (Huntswood/ResultsCX survey published July 2025) of all financial services customers. This translates into greater susceptibility to financial abuse, undue pressure, or poor decision-making.

Advisers should therefore be actively asking consumers in this target market about their needs, rather than relying on individuals self-reporting, particularly as the Huntswood research has found that 53% of individuals are unaware that they are vulnerable.

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Common **warning signs of vulnerability** in clients

- ❗ An increased level of stress
- ❗ Less time to handle their personal affairs
- ❗ Seemingly pre-occupied and a more limited ability to manage
- ❗ Less able to process information
- ❗ A lack of perspective, especially when experiencing something for the first time
- ❗ Increased recklessness and changed attitude to risk

Remember when **dealing with older clients**

- ✅ Vulnerability can develop over time, so look out for senior investors experiencing a life event or health decline during the product lifecycle and offer support
- ✅ Provide training and support for frontline staff and points of contact
- ✅ Ensure a choice of ways to communicate
- ✅ Welcome friends and family to help
- ✅ Allow plenty of time for reflection and understanding
- ✅ Use complains data to establish areas where needs may not have been met





HELPING CLIENTS UNDERSTAND BUSINESS RELIEF: SUPPORTING CONSUMER UNDERSTANDING THROUGH CLEAR COMMUNICATION



Andy Kirby

Founder / Director
MoneyAlive and Mint Wealth Management

Fulfilling Consumer Duty by enabling informed, confident decisions

When recommending Business Relief investments, advisers must go beyond assessing suitability. Under the FCA's Consumer Duty, Consumer Understanding is key - ensuring clients receive communications they can understand and use to make effective decisions.

This applies not only at the point of sale, but throughout the product's life. For Business Relief, that means explaining clearly **what the investment is, how it works, and—crucially—what the client should and shouldn't expect over time**. That includes setting realistic expectations around how the investment may perform, the types of businesses involved, how values might fluctuate, and the possible outcomes they may experience. Clients need a clear understanding not just of the potential tax benefits, but of the broader investment characteristics and trade-offs.

It's also essential that advisers don't allow the tax advantages to dominate the conversation. While Business Relief's potential for IHT relief is valuable, it should not be the sole or leading focus. Clients must understand the full proposition—including risks, structure, and how it fits with their wider objectives.

Why good communication matters to the client

When communication is clear, honest and well-structured, clients are more likely to:

- ✔ Understand what they're committing to
- ✔ Feel confident in their decision-making
- ✔ Remain engaged with the investment
- ✔ Avoid surprises or unmet expectations
- ✔ Reduce the chance of harm or regret

Ultimately, effective communication is essential to delivering good outcomes when recommending complex solutions like Business Relief.

Continue ►

“Client communications can be a valuable pointer to those investment fund managers with integrity.”

Roger Blears,
Founder and senior partner of RW Blear LLP

Checklist 1

Key areas clients must understand

To meet the Consumer Understanding outcome, advisers should ensure clients clearly understand:

- ✔ What Business Relief is and how it works
- ✔ The conditions required to qualify for IHT relief
- ✔ The nature of the underlying investments and how they're managed
- ✔ The potential benefits, including IHT mitigation and possible growth/income
- ✔ The risks involved—capital, liquidity, tax and exit risks
- ✔ The investment's place in their broader financial and estate plans
- ✔ Limitations around access, performance, and tax relief eligibility
- ✔ What might change over time and how it could affect the investment

Checklist 2

Check for understanding - not just agreement

A core part of Consumer Understanding is checking what the client has actually absorbed. Don't rely on written acknowledgements alone - use open-ended questions such as:

- ✔ *“What part of this investment stands out most to you, and why?”*
- ✔ *“If someone asked you what this investment is for, what would you say?”*
- ✔ *“Can you walk me through what happens if you need to access this money sooner?”*
- ✔ *“If this investment didn't grow—or lost value—what would that mean for you?”*

These prompts help reveal gaps or misconceptions so they can be addressed before the client proceeds.

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Explanatory techniques

Explain clearly and tailor to the client

BR can be unfamiliar or complex for many clients, particularly those new to investing in smaller or unlisted companies. Advisers should use plain English, avoid jargon, and tailor explanations to the client's level of financial confidence. To support understanding, advisers can use techniques such as:

- Breaking information into small, manageable sections
- Using visual aids (e.g. diagrams, timelines, simple charts)
- Comparing BR to familiar products or scenarios
- Summarising key points verbally and in writing
- Encouraging client questions throughout the conversation
- Linking BR to the client's personal goals and financial context
- Reinforcing key messages at future touchpoints

These techniques make it easier for clients to engage, reflect and make informed, confident decisions.

Keep the client informed over time

Consumer Understanding doesn't end once the investment is made. Clients benefit from regular updates that help them stay informed and engaged.

These might include:

- Clear explanations of valuation changes or performance updates
- Confirmation that BR qualification is still in place
- Context on changes in the portfolio, market, or legislation

Well-structured, relevant communication helps clients understand not just *what's happened*, but **why it matters**.

- “ For **Denese Molyneux**, client communications can help to mitigate some of the potential risks related to BR, *“but only if you know what is going on under the bonnet of the products. Some offer loans and leases, others property development, others renewables. Find what floats your client’s boat and steer them towards the appropriate BR provider.”*
- “ She goes on, *“Don’t be afraid to tell your clients that the FCA deems BR products to be high risk and then let them know if your provider has had a 100% claims record and whether, in the interim none of their clients have lost any money. Such providers do exist.”*



Peter Steele

Retail operations
director



“ I am a firm believer in empowering clients with relevant information in the form of upfront and ongoing client communications. As a starting point, clients should understand that where an investment offers a higher rate of return and/or access to certain tax reliefs, they are likely to be taking risks with any money they invest. The key question is, can they live with those risks? By explaining the risks that are being taken (and perhaps those that are not) and what is being done to mitigate those risks, clients can better decide whether or not they are happy to take those risks. Once they have invested, providing clients with regular updates explaining how their investment is being used will help their understanding and, perhaps, allay concerns.





Nick Priest

Head of strategic
partnerships



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You can view these changes as either an existential threat or a huge opportunity. The changes in terms of planning and growth in BR cases are already happening - in the first five months of 2025 in terms of BR fundraising, we've already reached the same level we did in the previous 12 months and other managers are telling us a similar story: Dry powder is now being deployed with the greater certainty provided by the last two budgets and there's also now an understanding that pensions accumulation strategies for IHT planning need to be stopped and in some cases, reversed. That could involve moving money out of a pension and into BR, going from an IHT efficient vehicle into a non-IHT efficient vehicle for two years until BR qualification is achieved. In the context of the age and health of the client, do you stick and remain in the pension, with upcoming exposure to IHT if the client survives long enough, or do you twist and make the change to BR, risking IHT exposure if the client doesn't survive for at least two years? This is where insurance can play an important role and there are a very limited number of BR investment managers offering this option: Downing's BR solutions can include a two-year life insurance policy which pays out the IHT liability if the client dies without achieving the minimum two-year holding period. I think this is really valuable for advisers who haven't advised that much in this area. Downing also offers a WealthGuard policy which applies to every Downing BR client who invests over £100,000. If the value of their portfolio is down by up to 20% at death, WealthGuard kicks in and takes it back up to the original investment amount. These insurances can really help advisers and their clients to get comfortable with the main BR risks.



Richard
Roberts

Head of sales
development



“

Over the last year, the impact of changes to IHT announced at the October 2024 budget and continually highlighted through the mainstream media, has raised the profile of BR with clients. Although advice and information in this area will always be best delivered face to face, there is a chance for advisers to build on the media momentum with more regular client communications and commentary on market changes, an explanation of what BR is – and how the government has provided an “allowance” to now use: BR won't be for every client, but given the anticipated sharp rise in IHT receipts in coming years, it is something which they should be made more aware of by their adviser.

ASSESSING EXISTING CLIENT BANKS FOR BR SOLUTIONS

to improve planning outcomes amid IHT changes

Consider how much more individuals and their businesses will need to pay under the new rules and whether undoing current planning to create new tax efficiencies is cheaper than the new tax liabilities. Client groups to consider first will include:

- Those with BR or APR planning already in place
- Those with over £1 million of agricultural assets and/or business interests
- Those with trusts holding BR-qualifying assets
- Those with unlisted shares, such as EIS-qualifying (that will count towards the £1m 100% BR cap)
- Those with BR-qualifying AIM listed shares
- Those who have been adding excess cash to pensions as an IHT shelter
- Those with sizeable pension pots, particularly in drawdown or approaching retirement

“**Faith Liversedge**, experienced financial services strategic marketing leader, suggests advisers *“use targeted communications to explain the impact and demonstrate their expertise. Done well, this approach not only protects existing clients, but also attracts new ones seeking clear, confident guidance through complex changes.”*

Think about offering clients:

- ✓ **A relief report** of which assets qualify at which rate now and post-2026 and analysis of changes that could reduce the post-26 IHT liabilities.
- ✓ **Wills and agreements review** in liaison with the client solicitor (including partnership agreements and share structures) under the new rules.
- ✓ **Ongoing updates** on legislation and market values to keep clients well-informed.

Continue ►

Engage with your clients and check how they view estate planning by asking questions such as:

- ① What legacy do you want to leave, and to whom?
- ① How is your Will structured?
- ① How do you feel about paying IHT?
- ① Would you consider giving wealth away during your lifetime?



Nick Priest

Head of strategic partnerships



“ There’s a lot of opportunity in corporate planning. I think people overlook this a lot because from an adviser perspective, I think advisers assume a lot of that’s looked after by the company’s solicitors and their accountant, so maybe it’s not really my area to move into. But in my experience, over the last three or four years, the solicitors and accountants know that the owners have financial advice in the background, and advisers make the same assumption the other way, leaving the business’s IHT issues unaddressed. It’s worth spending the time with professional connections to build those relationships as there can be significant investment sums at stake and you may only have to do one or two of these investments to bring in substantial assets under management and to make a big difference to the to the underlying client.

”

Richard Roberts

Head of sales development



“ Many advisers just think about estate planning when their clients approach later life, so many miss out on advice opportunities that could build their client base and drive revenue. The recent legislative changes have opened up a myriad of opportunities for advisers and it’s not just for the wealthy/elderly. Many BR managers can help advisers with identifying planning opportunities by reviewing a client base, such as; BR owners who have recently sold up and are sitting on cash, who can perhaps use replacement relief to ensure assets are sheltered; or clients who have large homes/assets worth over £2m leading to the loss of their Residence Nil Rate Band, where there are strategies which can recapture some, or all, of this; and lastly, when pensions come into scope, around 30,000 more estates will be liable for IHT. With advance planning, it may be possible to shelter some of the tax-free cash, and swap assets from one IHT-free environment to another. BR planning can be very flexible, so I’d recommend engaging with BR managers on how they can help! One thing we offer at Foresight is the Foresight Accelerated Inheritance Tax Solution, which is one of the few in the market to include insurance to cover any IHT due if the client does not live for the entire two-year holding period required to access BR.

”



John Oliver

Business
development
manager



“

Two of the groups of clients to look at closely are those with significant pensions and business owners. Those with large pension pots becoming subject to IHT from 2027 could look at diversifying their assets, with Business Relief forming part of the overall solution for the right client. Taking some/all of the tax-free lump sum and investing that into BR will enable them to start a 2-year clock on those funds becoming exempt from IHT, with some providers even offering insurance to cover the liability within those first two years to mitigate concerns around the possibility of the client passing away before the new rules come into effect. For business owners, there are a couple of routes worth exploring: 1) how best to ensure the ongoing trading status of their company is maintained. If the business holds too much cash for example, they could look to engage that excess cash in trading activity through a corporate BR solution to restore trading status, and 2) for those that have exited their trading business, what have they done with those proceeds? Replacement Relief rules could mean providing them with IHT exemption from day one provided those proceeds are reinvested within 3 years.

Checklist 3

Specific items to consider when looking at your client bank now include:

- ✔ How does current will planning distribute the legacy and is tax efficiency impacted?
Appropriate provisions in the will can provide control over who will inherit and when, maximise the availability of NRBs and RNRBs, provide arrangements and protection for minors, establish trusts on death and make IHT savings
- ✔ If there is an IHT liability, does the relevant client consider IHT planning to be a primary objective?
- ✔ Are BR-qualifying assets being left to a spouse? Does one or both of the spouses hold more than £1 million of Business Relief qualifying assets?
Assets from joint investors generally pass automatically to the surviving owner on first death. Where the second spouse must inherit the entire portfolio with a value of over £1 million, on the first death, it will not maximise the Business Relief allowances.
- ✔ A pension left to a spouse will continue to pass free from IHT – but what about on second death?
- ✔ Will projected unused pensions leave an IHT liability from 2027 and cause the RNRB to taper?



Continue ►



- ✓ Are there excess funds in the pension that the client will not use in their lifetime?

From April 2027 there will be increased need for more precise planning to determine the savings required for retirement and whether estate planning is a consideration.

- ✓ Has the maximum lump sum tax-free amount been withdrawn from the pension?

Where there is an excess, removing such funds tax-free offers the chance to use other methods to shelter from IHT without penalties. Where the tax-free allowance has been withdrawn, there could be merit in reinvesting additional withdrawn funds into EIS to reclaim 30% income tax and qualify for BR.

- ✓ Are ownership structures within both families and businesses mapped out and will partnership or shareholder agreements result in the intended split if death occurs after April 2026?

- ✓ If additional assets need to be transferred before death, how can the client's business interests and wealth be protected?

Consider prenuptial agreements, trusts, corporate structures and the availability of gift holdover relief, including to APR and BR qualifying assets where CGT is an issue. Lifetime gifts don't benefit from CGT rebasing on death which is available to inheritors.

- ✓ Are there trusts in the estate? (*Identify set-up dates, current values and future growth potential*) Where post-30 October 2024 trusts share an allowance, would consolidation or planned winding-up minimise future 10-year charges?

- ✓ Is growth, higher IHT relief or lower risk most important?

AIM valuations have been identified as very cheap and potentially poised for increased growth, (could returns outperform a 20% IHT charge?), BR investment managers are already launching unlisted BR offers targeting higher returns of 7%+ with higher risk, but where 100% BR is available on the first £1m, and advisers can look at Business Relief holistically or "in the round", targeting a blended IHT rate when mixing various solutions together

- ✓ Is there access to the ISA allowance?

Tax-free income and capital growth remain available in addition to IHT relief when AIM Business Relief-qualifying shares are held within an ISA

- ✓ Is there a need to shift BR-qualifying assets?

If AIM stock is sold to reinvest in private, asset-backed Business Relief-qualifying shares, bearing in mind many Business Relief shareholders are in their late 70s, or 80s, if the client dies while not holding BR-qualifying shares, they will lose BR access.

- ✓ HMRC statistics show that the older the client, the more likely it is that there is a significant IHT liability. But, does the impact of pension changes mean the age at which more attention needs to be paid to IHT planning is dropping?

- ✓ As well as calculating any additional IHT that would be payable, when and how would it be funded?

Consider the availability of the Direct Payment Scheme via some BR investment managers and tax-free annual IHT instalments over ten years available to all BR and APR qualifying assets from April 26

Remember that, where alternative courses of action are considered, the security of the client's retirement plans should not be compromised by lost access to too many gifts, insufficient pension funds or other options that will not be flexible in the face of possible 30-year retirements. It has already been noted that retirees are taking on greater investment risk in their drawdown portfolios to replicate or exceed the income from a guaranteed annuity.

In addition, where BR managers are looking to launch private, asset-backed BR products with higher risk profiles than have typically been assigned to such offers, the intention is to provide options where people transfer out of AIM-based BR and want a replacement BR format which qualifies for 100% IHT relief (after 6 April 2026) but has more growth potential.



Nick Priest

Head of strategic
partnerships



“ We've actually launched another BR product just recently, which is another unquoted BR service. It's not changing anything we do. It's just a different share class of an existing service – the Downing Estate Planning Service, which is built on a portfolio approach. Within the lower to higher risk and lower to higher returns profiles present in that portfolio, the new service focuses on the higher end of that spectrum. Where there are clients who are slightly younger with longer time horizons, they can access a higher risk and return profile, while still getting access to the £1 million unquoted BR allowance and 100% IHT relief.

Leaving it late

There is time to put planning in place before April 2026 and April 2027. But even then, there are potential options to reduce IHT liabilities.



Deeds of variation can be used to adjust how a deceased person's estate is distributed, potentially making it more tax-efficient by leveraging Business Relief by redirecting assets to beneficiaries who qualify for the relief, reducing inheritance tax. (*Must be executed within two years of the death of the individual and all affected beneficiaries must agree and sign*).



Last minute planning can be achieved with Business Relief qualifying failed PETs as they do not come back into the estate for the purposes of calculating the estate size for the RNRB taper. If the donor doesn't live for seven years, it doesn't matter as long as the trust or beneficiary owns the gifted shares for at least 7 years, or until the donor dies (*whichever is sooner*).

USING PROFESSIONAL CONNECTIONS FOR KNOWLEDGE EXCHANGE

and Business Relief advice opportunities

“ For **Liversedge**, your existing “network of accountants and solicitors is a ready-made early warning system for Business Relief opportunities. But you can go beyond ad hoc referrals by taking a more strategic approach. Start by connecting with them on LinkedIn and follow up by sharing posts, articles, or case studies - such as examples of work you’ve already delivered - that demonstrate your expertise. Make it easy for them to get in touch and book a meeting with you.”

“ What’s more, “regular meetings can uncover clients you may never otherwise meet. Share your technical insights, offer to present to their client base, and encourage reciprocal knowledge sharing. Co-hosting webinars or creating collaborative content with introducers not only helps them, it also builds a steady pipeline of warm prospects from their own client base. This approach delivers better client outcomes while continually feeding your new business opportunities.”

Both solicitors and accountants have dealings with their own clients at times when financial advisers with an estate planning and BR offering are in a position to add significant value. The more engaged you become with legal and tax professionals, the better. As **Blears** says, “The best business is always done with people you know well.”



LEVERAGING THE EXPERTISE of Business Relief specialists

“ **Liversedge** believes that, “these changes create unprecedented opportunities for advisers who position themselves at the centre of a collaborative network of specialists. You can deepen your network by building links with Business Relief investment managers, business valuers, tax consultants, estate planners, and compliance specialists. Involve these specialists early so strategies are robust, tax-efficient, and fully compliant. Consider co-hosting webinars or creating joint articles with them to demonstrate a joined-up approach and broaden your reach. Acting as the coordinator between specialists, clients, and their other advisers not only delivers better outcomes, but also reinforces your role as the trusted hub of expertise in a rapidly changing IHT landscape.”



John Oliver

Business
development
manager



“ I'd say make use of all the resources that are available to you. There's now a real wealth of stuff out there to arm yourself for these conversations. We do regular, free webinars, presentations and other events you can attend to educate yourself about BR, as well as earning some CPD. We also have a dedicated team of external and internal BDMs to support advisers across the length and breadth of the UK both in person and at the end of the phone. As well as meeting with advisers, we can happily support them further by attending client meetings alongside them, which we have found can sometimes help give clients greater comfort with BR, and/or our offering and underlying trading activity. (We don't give advice but can certainly help where advisers are inexperienced with BR or less comfortable with technical aspects of it). This extends to working with professional connections too, to try and encourage greater levels of referral business where possible.

Continue ►



Richard Roberts

Head of sales development



“ Given many advisers only periodically recommend BR solutions as part of IHT planning, it is important that they access the support which the investment managers can provide in order to fully understand the impact of the significant changes from April 2026, how BR works in practice and the wider planning opportunity within their businesses. Many companies, such as Foresight, offer free CPD sessions for advisers to help them navigate this area, better understand the market and opportunity, solutions BR can offer, the risks, and how to identify appropriate clients.



Peter Steele

Retail operations director



“ There are a number of providers in the BR space and many employ individuals with specialist knowledge. Speak to at least two or three, comparing the answers they give to your questions. Are they prepared to talk about the risks involved or are they simply presenting everything as ‘a bed of roses’? Present them with specific scenarios and ask how they might be able to assist. No one provider can be ‘everything to all people’ so understand when you find the limits of what they can offer. Many of us share tips and thoughts on Linked-In. I do my best and I see posts from colleagues who work for other providers, lawyers, non-provider tax specialists and knowledgeable advisers (including some from STEP or Solla) all contributing. Avail yourself of any CPD qualifying training that is offered and don’t be afraid to ask for some if none is advertised as available.



WHERE BUSINESS RELIEF CAN BOOST client engagement

Business Relief as an intergenerational planning tool

According to Nucleus' 2025 'Voice of the Adviser' survey, 86% of advisers think the profession needs to do more to appeal to younger clients. Just 44% confirm they currently work with this demographic and half of respondents have fewer than one-in-five clients under the age of 50.

“Despite this, **Nigel Green**, chief executive of DeVere Group, has noted there is more urgency now [to have conversations around inheritance and legacy planning]: *“Clients aren't waiting until their later years to raise these topics. They want to plan early, and they're often thinking two or even three generations ahead. For many, the legacy they want to leave shapes their later life financial plan.”* So, as priorities evolve, advisers must stay informed and be ready to pivot strategies when necessary.

The number of young adults aged 25-34 living with their parents has risen by more than a third since the mid-2000s, according to the Institute for Fiscal Studies. As a result, a single client relationship may now encompass three generations with conflicting financial priorities. For example:

- 1 An 18-year-old grandchild may be saving for a house deposit.
- 2 Their parents could be navigating mid-career mortgage decisions.
- 3 Their grandparent could be focused on protecting pension income.

Yet all three may be relying on the same financial strategy. That means it will need to encompass sufficient flexibility and diversity of planning methods to accommodate all the needs.

Death wishes and intergenerational planning are increasingly becoming essential parts of the review cycle, with growing consideration given to including beneficiaries in intergenerational conversations, so there is awareness of the parent or grandparent's plans, and the beneficiary is not caught unprepared at the point of transfer. This is an effective route to engaging with the next generation at an earlier stage and giving them a clearer understanding of their parents' wealth transfer plans.

“**Blears** calls Business Relief *“a valuable intergenerational tool provided you invest wisely.”* **Molyneux** agrees, *“especially for those with estates worth more than £2m. These clients lose the residence nil rate band exemption, worth £325,000, on a tapering basis. If a client is willing to give away an exempt BR asset in order to get their estate below the £2m mark, if they die shortly afterwards the BR will still apply as long as the BR investment is intact.”*”

Continue ►

Evidencing a relationship with next generation(s) can be a vital component of a decent valuation for a financial adviser's business, particularly where the parents are wealthier clients who won't use up their IHT-generating wealth on living expenses or care homes. Isolated, older clients in decumulation will not offer such good value to acquirers.



Peter Steele

*Retail operations
director*



“ From an adviser's point of view, I believe that BR solutions are a very powerful intergenerational planning tool. They are an effective way of protecting some or much of the wealth being passed down a generation and the IHT saved demonstrates the value that the adviser has added in real terms. Whilst the majority of beneficiaries will likely encash a BR investment upon inheriting it (or use the funds to pay any IHT liability directly), not all do. Those that do are surely more inclined to use the services of a financial adviser now or in the future, based on the positive outcome they experienced firsthand. However, experience has shown that advisers will see far more success where they have built a relationship with those beneficiaries well before they inherit that wealth.



**Richard
Roberts**

*Head of sales
development*



“ Many advisers will be aware of “The Great Wealth Transfer” – with an estimated £5trillion of inheritance set to cascade down the generations over the next 30 years. A successful outcome for clients when using BR in their IHT planning is that beneficiaries will inherit wealth after death of the principal client tax-free. However, all too often this group of beneficiaries are excluded from planning conversations, which can cause friction and often ending up in advice being undermined or overridden. Advisers can prevent this, by asking their clients to bring the beneficiaries into the advice process at the beginning, engage with them directly and prevent problems down the line. It is for everyone's benefit, so there should be little objection – and this engagement will also provide an opportunity for advisers to begin relationship building with the beneficiary and perhaps bring them on as a client, in the knowledge that they will inherit and can therefore retain AUM long term. Also, many advisers with a younger client bank often overlook estate planning, thinking that it's not relevant to their clients. They can benefit from starting conversations on BR – asking the client if they are likely to inherit assets, and if they know if planning is in place for their parents? If not, it's a great way to obtain referrals for new clients and work up the family tree!

Continue ►

Business Relief intergenerational engagement case studies

Case study 1

Business Relief in the context of engaging with the spouse or partner of your client

Transferring part of a business or other BR-qualifying assets to a spouse will allow both spouses before death, to utilise their individual £1 million BR cap, potentially shielding £2 million for the couple. This may be an opportunity to engage with your client's husband or wife – particularly since they will likely own substantial assets, even before their spouse's death in this scenario.

What's more, according to the Centre for Economic and Business Research, women are expected to hold 60% of the UK's wealth in 2025 (CEBR, Neglected heirs: widows who take over the family finances, 22 April 2022). Yet despite their burgeoning affluence and increasing financial confidence, women remain less likely than men to engage with wealth managers - resulting in a vast and growing pool of unmanaged assets.

Case study 2

What if you're not the adviser for the second death?

Even if you fail to engage with the spouse before the death of your client, you will likely have information that they or their adviser should know. If the spouse does not have an adviser, providing these details to them is not only best practice to ensure planning undertaken with your client is not unwittingly undone, it's also another chance to engage with them.

When it comes to BR, it does not apply automatically on death – it must be claimed or it will simply not be applied and no IHT saving will be achieved. If assets over the couple's combined qualifying business and agricultural assets exceed £1 million, the spouse may need advice on how best to treat the assets above the £1 million allowance that will otherwise be subject to only 50% relief, potentially increasing IHT liability on the second death and possibly requiring planning on how the IHT is to be paid when passed down to the next generation.

Continue ►

Case study 3

Engage the next generation beneficiaries in the specific BR assets acquired

Including the family beneficiaries in estate planning when BR investments are part of the mix can potentially facilitate the acquisition of BR-qualifying shares in specific companies and sectors in which the next generation has a particular interest. This could lead to their retaining the shares rather than simply selling them. With a longer-term hold, the growth opportunities could be greater and more significant wealth generation may be achievable as well as IHT efficiency.



Nick Priest

Head of strategic partnerships



“

We did some analysis of our client base last year. Average investment age was 79/80. But what was interesting was that the average age of an investor who inherited BR-qualifying shares and kept them without cashing them in, was 62. That says to me that there is growing understanding of the benefits of intergenerational planning, in terms of the potential for income/growth available over a longer period and the IHT relief. So, clients are building an asset that not only is protected for their entire family, but is growing for the next generation. This also opens up a whole new generation of clients to advisers, to help protect future AUM. If you've seen these benefits first-hand there is a compelling family planning rationale, with donors and heirs taking consolidated advice through one source.



Case study 4

Business Relief could work for parents of a client

With the increase in multi-generational households, and a likely shift to younger people starting long-term financial planning to allow for time to tax efficiently organise larger estates, it is becoming more relevant to ask clients about their parents' IHT status. Since BR has the advantage of a shorter qualification period than other estate planning methods (two years) and it can also be used in death bed planning because of the treatment of failed BR-qualifying PETs, it carries advantages for older or unwell individuals for IHT mitigation.

According to Natwest research published in May 2025, the average age of children leaving home is now 28, up from 21 in 2011 and 24 in 2021 (ONS). 23% of parents have, or had, children who had left home, but returned well into their twenties and thirties so they can save for a deposit. That opens the way for a growing need for savings and investment advice among an older cohort of young adults with parents in a potential sweet spot for starting estate planning.

What's more, older clients are increasingly gifting wealth to their offspring during their lifetime instead of in their will. While that transfers the assets under management to the sons and daughters, it is sensible for advisers to build relationships with all generations of a client's family. This might help to avoid scenarios where there is more gifting than is affordable (for example where care costs are unexpectedly high) and potentially heavily-taxed or complex transactions need to be undertaken to place some or all of the wealth back in the hands of the parents.



Case study 5

Clients who want to retain control of assets and earlier estate planning

As individuals start estate planning at a younger age to allow for more time to move more of higher estate values into IHT solutions, outright gifts are less likely to be suitable in the earlier years when there is less clarity over how long the client will live and what funds they will need to live on.

if an individual were to put £1.65 million into trust, they would be in a position to claim 100% business relief on the first £1 million (assuming the relevant shares were BR qualifying). They would then receive 50% business relief on the remaining £650,000 which would reduce the taxable amount to £325,000. This is equal to the amount of the nil-rate band. This would be possible every ten years when the £1 million BR allowance will refresh.

For lifetime gifts, it will refresh every seven years: For example, over a fourteen-year period a client would be in a position to make gifts of up to £2 million BR-qualifying assets with 100% IHT relief.



George Clelland

Senior investment
product manager



“

Any beneficiary is more likely to recognise an adviser as ‘useful’ for flagging the IHT status of business assets they inherit and also rules such as those on successive transfers which mean that the consecutive passing of assets through multiple estates, typically when assets are inherited by beneficiaries who themselves die shortly thereafter. This could result in multiple IHT charges in a short timeframe. However, BR may still apply - even if the deceased didn’t meet the two-year holding requirement - provided at least one of the transfers occurred on death and the beneficiary retains the asset until their own death. If the person inheriting the asset is in their sixties (or potentially even younger now estate sizes are set to grow with unused pensions included), engaging with them on the IHT benefits of BR before the donor dies, can be a far greater demonstration of an adviser’s value, than if they do that at death, which is likely to be a difficult time. Encouraging families to include their children in the conversations around estate planning and BR is a good tactic to boost the chances of the next generation staying with the same adviser.

ADDING VALUE BY HELPING CLIENTS CLAIM BUSINESS RELIEF



DIRECT PAYMENT SCHEME

On 1 October 2024, HMRC extended the Direct Payment Scheme to allow personal representatives to ask brokers and investment managers to sell assets and release funds from the deceased's investment accounts directly to them. The scheme also remains fully open to investment providers.

Personal representatives can use the revised form IHT423 to ask brokers and investment management firms to sell shares or assets and release funds from the deceased's investment accounts to pay directly to HMRC before they receive the grant of probate. But, participation in the scheme is voluntary and not all BR investment providers choose to take part.



IHT PAYMENT BY INSTALMENTS FOR BR QUALIFYING ASSETS

(from April 2026)

Until April 2026, IHT on assets that attract any APR can be paid in interest free instalments over ten years. But this option does not automatically apply to IHT on BR assets and interest free instalments are only applicable when BR at a rate of 100% is available. From April 6 2026, all property eligible for BR or APR – whether at 100% or 50% relief – will qualify for the interest-free instalment payment option. Interest will only be payable if the instalment is paid late. This is designed to reduce liquidity pressures during estate and trust administration.

You must state on Inheritance Tax Account form [IHT400](#) if you want to pay in instalments.

The interest-free instalment option ceases to be available where the APR or BPR property is sold during the instalment period. In this situation the IHT will be immediately payable and interest charged from the day after the sale.

Continue ►



LINKS TO OTHER PROFESSIONALS SUCH AS SOLICITORS IN COMPLEX CASES

To find specialist BR solicitors, look for firms with expertise in tax planning, estate planning, and wealth protection, particularly those with experience advising on IHT reliefs. Many firms, such as Blake Morgan, Clarke Willmott, and Spall Clark, have teams dedicated to helping business owners structure their affairs to maximise the BR exemption and minimise IHT liabilities. It's crucial to find a solicitor who can help you ensure the relevant assets qualify for the relief and are arranged correctly in a client's will or associated documents to avoid losing BR.

Some firms explicitly offer services for business taxation, which is a strong indicator of their understanding of business-related reliefs. A good specialist will be fully conversant with the upcoming rules changes and the adaptations that could be applied.

There are also accountancy firms with expertise in IHT taxation of both individuals and businesses such as DS Burge & Co, Goodman Jones and Chadwicks.

In the case of both solicitors and accountants, it may be a good idea to seek out those that will engage in a mutual referral arrangement where they can refer clients in need of financial advice to you and you can refer clients in need of legal or accountancy advice to them.



ANNEX: CONSULTATION RESULTS: changes to original proposals

After a technical consultation on the process for reporting and paying IHT on unused pension funds, the government published draft legislation on 21 July 2025 to introduce significant reforms to IHT and BR (and APR) from April 2026. In the documents there were various amendments to the changes originally announced in 2024's Autumn Statement, as well as answers to some of the outstanding questions on how they will be applied. These include:

- All death in service benefits paid from registered pensions schemes will not form part of the estate. This includes some benefits that do currently form part of the estate, such as those from the NHS pension scheme.
- Continuing dependant/beneficiary payments under a pension annuity are out of scope for IHT. However, any unused guaranteed payment period annuity will be included in IHT calculations.
- Where a pension (SIPP or SSAS) holds assets that would otherwise qualify for Business Relief or Agricultural Property Relief, these tax exemptions do not apply.
- Those under the minimum pension age - currently 55 but rising to 57 in 2028 - will see inheritance tax levied on their pots - before they were able to access them.
- Any unused amounts held in pensions (at death) that are already in drawdown will still be subject to IHT
- From 6 April 2027, Personal Representatives will be liable for reporting and payment of IHT due on unused pension funds and death benefits.
- Pension beneficiaries will become jointly and severally liable for any IHT due on unused pension funds and death benefits to which they are entitled from the point at which they become entitled.
- Pension schemes will be required to make the liability position clear and explain to non-exempt beneficiaries (ie beneficiaries not covered by the spousal/civil partnership exemption) that IHT may be due on the pension when informing them about their benefits, how they can access them and options for paying IHT.
- The revised process will require personal representatives and pension scheme administrators to work together in a timely manner.
- HMRC almost immediately began further consultation with the pension industry on the draft legislation, including the proposals to prevent income tax AND IHT being payable on the same unused pensions, with comments to be received by 15 September 2025.

- According to the consultation response: “where both income tax and inheritance tax are paid on the same pension benefits, HMRC will develop mechanisms to account for any overpayments and ensure that these are refunded to beneficiaries.” But there are doubts that the process published on 21 July to award beneficiaries deductions to prevent such double taxation, will result in all income tax applicable if the deceased was over the age of 75, being refunded.
- Where the estate has settled the IHT liability, the pension beneficiary will have to reimburse the personal representative of the estate in order to qualify for this deduction.



Peter Steele

Retail operations
director



“ According to the our tax advisers understanding of the [Draft Finance Act 2025/26](#) and associated notes, by default, the personal representative and/or beneficiary of an estate will be liable to pay the IHT on any unused pension above the nil rate band. If either of them pays the IHT due personally, the beneficiary would receive the pension benefits gross and would pay income tax on the gross pension received, where the deceased was over the age of 75. The proposed new income tax deduction is intended to counteract this. However, the draft legislation suggests that only pension income equal to the IHT paid by the beneficiary could be paid tax free. The remainder would be taxed in the normal way to income tax. This would result in an additional tax burden with the value of the pension fund being subject to both IHT and income tax. We would expect HMRC to issue further information as the legislation progresses into law, but without further clarity, this looks like a driver for more individuals to withdraw excess cash as tax-efficiently as possible from pensions and to put it to work in an alternative IHT solution.

- As with the NRB and RNRB, the £1 million unquoted BR allowance (where assets qualify for 100% Business Relief) will remain unchanged until at least April 2030. After that, it will increase in line with inflation (unless the freeze is extended).
- The £1m allowance is NOT transferrable
- Where BR assets were transferred into a trust between 30 October 2024 and 6 April 2026, trusts will qualify for BR on assets transferred out during this period, even if the assets have not been held in trust for the usual two-year qualifying period.



Guide author

Lisa Best

Lisa Best, Director, tax-efficient solutions, Adviser Home is a financial journalist with a focus on tax-efficient investments. She won the EISA's award for Best EIS Journalist or Advocate in 2022, was a finalist in 2024 and has edited and written multiple guides and insights on Business Relief, SEIS, EIS and VCT.