Adviser Home
DEVELOPMENT PLATFORM

Adviser Guide

BUSINESS RELIEF 2026

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Home of Estate Planning

Estate planning has become significantly more complex in recent years – and increasingly difficult to ignore. It is now moving firmly to the forefront of client conversations, driven by changing tax rules, frozen allowances and more families being drawn into the inheritance tax net. This complexity is set to deepen further as pensions are brought into the estate from 6 April 2027. As a result, advisers are engaging earlier and taking a more holistic approach, seeking solutions that can support clients across different stages of their estate planning journey.

In this environment, advisers are seeking clarity, flexibility and a more joined-up approach to estate planning than ever before. At Octopus, we've spent more than 25 years working alongside advisers to help them deliver better outcomes for families. Our role is simple: to be the team you can call when you need clear solutions, practical tools, and specialist support that enhances the advice you give.

Helping advisers guide families with confidence

Our estate planning solutions are designed to help advisers open conversations and create clear, actionable plans - especially where inheritance tax, liquidity needs, family dynamics or intergenerational wealth transfers are involved.

Home of Estate Planning - support that extends beyond products

Estate planning is rarely a one-off decision solved with a single product. It requires proactive conversations, long-term planning and flexibility as client circumstances and legislation change over time. That's why advisers turn to Octopus not just for products, but for ongoing support and expertise that helps them guide clients with confidence.

A suite of inheritance tax solutions including Octopus Inheritance Tax Service (OITS) and OITSPlus, Octopus AIM Inheritance Tax Service, Octopus AIM Inheritance Tax ISA.

Planning scenarios, calculators, guides, Ask Octopus – our free IHT and estate planning helpdesk and client-ready explainer materials.

Partnership with Octopus Legacy for practical, legal and emotional support in estate planning and bereavement.

Everything is designed to make it easier for advisers to run estate planning conversations with confidence.

The Octopus Intergenerational Planning Team

Our Intergenerational Planning team is a dedicated, free-to-access service designed to support advisers with some of the most sensitive and important family conversations. At Octopus, we understand that estate planning is about people, families and futures, and our team is here to help you deliver great outcomes across generations.

How we support advisers

- Facilitate multigenerational family meetings and discussions
- Provide guidance before and after a client passes away - helping you navigate periods of uncertainty and change
- Strengthen adviser client relationships by ensuring families feel informed and supported at every stage
- Help you build long term plans that keep families engaged with your advice over time

A partner in planning, wherever you are in the journey

As the Home of Estate Planning, we're here to strengthen the planning work you already do – giving you a trusted partner to lean on as you support families through life's most important decisions.

Let's plan together

If you'd like support with a client case, an upcoming family meeting, BR-related planning, or IHT and estate planning strategy:

0800 316 2295

support@octopusinvestments.com

Visit

We're here to help - wherever your clients are in their planning journey.

Unstructured CPD

Readers can claim unstructured CPD for time spent reviewing this guide. Suggested learning objectives:

1. Describe impacts of the additional positive changes to Business Relief announced at the end of 2025
2. Understand the current and upcoming drivers for increased Business Relief use
3. Explain the ongoing mainstreaming of Business Relief
4. Summarise the Business Relief and IHT rules at 6th April 2026 and what's to follow in 2027
5. Define how the rules changes are driving the need for estate planning at a younger age and broader range of solutions (including with Business Relief)

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INTRODUCTION:

Positive changes to Business Relief in a context of increasing IHT liabilities

The Autumn Budget 2024 introduced changes that will lead to enlarged Capital Gains Tax (CGT), Income Tax, (IT) Corporation Tax (CT) and Inheritance Tax (IHT) liabilities. In the face of vocal opposition, in the following months the government has acted to reduce the financial impacts of those changes on particularly passionate groups such as farmers and publicans, primarily in relation to business rates and IHT.

Within the context of this increasingly high tax landscape, individuals and businesses are being incentivised to accelerate both long and short-term tax planning, both areas in which Business Relief can offer advantages.

EVOLVING RULES

In the IHT context, the developing new rules have seen the extension of the freeze on inheritance tax thresholds from 2028 to 2030 and then again from 2030 to 2031. Inflation and asset growth will work to make these postponements to index-linked increases ever more powerful in terms of tax-take as rising estate values exceed the thresholds for larger cohorts of individuals. Fiscal drag is already evident in the IHT statistics; from 2020/21 when the Residence Nil Rate band joined the Nil Rate band as a frozen threshold, IHT receipts have gone up by more than £2.5 billion from £5.76 billion to £8.2 billion in 2024/25 and are forecast to reach £9.5 billion by 2026/27. (HMRC and OBR)

Arguably, though, three other revisions to the originally announced rule changes are far more immediately and materially impactful for advisers and apply from 6th April 2026:

November 2025 · **Autumn Budget**

1. Any unused allowance for the 100% rate of Agricultural Property Relief and unquoted Business Relief **will be transferable** between spouses and civil partners, including if the first death was before 6th April 2026.

November 2025 · **Autumn Budget**

2. The 100% relief allowance **will refresh every seven years** for individuals in connection with gifting assets.

23 December 2025 · **Press release**

Department for Environment, Food & Rural Affairs, HM Treasury and Department for Business and Trade

3. The £1m Agricultural and Business Reliefs threshold is increased to **£2.5m** - allowing spouses or civil partners to pass on up to **£5m** in qualifying agricultural or business assets between them.

While these new features are undeniably positive for those looking for IHT relief for larger estate values with IHT planning, the government has been criticised for a lack of detail in its proposals, insufficient engagement with industry stakeholders before they were made public and inconsistency in its reactions to consequent lobbying. All of which has created heightened uncertainty over government implementation and the possibility of further changes or concessions.

UNCERTAINTY CLOUDING PLANNING PROGRESS

There has been much ongoing debate, including a House of Lords Economic Affairs Committee review of Inheritance tax measures for unused pension funds and agricultural and business property reliefs (published 28th January 2026) and a last-minute Judicial Review. Since the Lords report mainly addresses the procedures and administration needed to enforce the new rules, rather than the policy intent of the rules themselves, and because the Judicial Review is challenging the lack of proper consultation rather than the tax policy, they will not prevent the new rules from coming into effect.

Even excluding ideological drivers, with almost £5.5 billion additional IHT projected by HMRC in the four years from 2026/27 (Policy paper Inheritance Tax — unused pension funds and death benefits, 26th November 2025), there is ample encouragement for the government to work hard to neutralise the Lords recommendation that, *"The Government should not prioritise an April 2027 start date over getting the policy and the processes right"* for pensions changes.

Continue

There is no doubt that all of this deterred some advisers from making estate planning changes to client portfolios earlier rather than later. Industry insiders confirm that a 'wait and see' mindset has blocked deployments to Business Relief, with continued speculation that there is still time for the government to U-turn on including unused pensions in IHT calculations in 2027. On the other hand, taking planning decisions without intimate knowledge of potential regulatory changes is commonplace for financial advisers seeking the best outcomes for their clients.

Jasmine Christy

Head of Intergenerational Planning

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> You've got to plan for what you know. And at the moment we know change is coming and what it will impact. We can't guarantee that nothing else will change, but you've got to go with what you know and the earlier, the better when it comes to estate planning.

WHERE DOES THAT LEAVE BUSINESS RELIEF & FINANCIAL ADVISERS?

The House of Lords report warns that:

> *"The reforms add further complexity to an already complex relief, meaning that those who cannot access professional advice are at particular risk of making costly mistakes or missing opportunities to plan in good time."*

It is certainly true that, without some knowledge of Business Relief, it can appear to be complicated, but it remains a useful planning tool, with quick qualification for IHT relief and ongoing control. Both favour older clients as well as the younger cohort who are now seeing the need to start estate planning sooner as unused pensions push up estate sizes for IHT. Adviser **Lee Rebbeck**, DipPFS, Certs CII (MP + ER), Practice Principal at Oyster Financial Solutions, thinks reluctance among some to engage with Business Relief is understandable: *"We're all guilty as human beings of not wanting to do something that feels a little bit uncomfortable at first, but Business Relief is actually a relatively straightforward concept when you have a little bit of experience of it. I think it's a great solution. I love the control it gives my clients without having to get involved in complicated trust work"*

Continue

One thing to be aware of is that there is a wealth of information and training available through specialist investment managers offering IHT planning services which use Business Relief-qualifying investments for their tax efficiency. It is also worth remembering that Business Relief investment managers often have procedures in place to provide liquidity. This allows clients to change their minds and take back their capital – either to spend, gift, or deploy in other estate planning solutions, should the need arise.

Jasmine Christy

Head of Intergenerational Planning

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“ With the introduction of a Business Relief allowance for everyone, it is important that suitable individuals are informed about this opportunity. During discussions with their adviser, they can determine the optimal time to utilise Business Relief. It may be appropriate to make a modest initial investment and observe the results. For example, one might invest in Business Relief, wait two years, and then choose to top up thereafter - allowing for gradual engagement as familiarity increases. This approach highlights the potential accessibility benefit of Business Relief investments compared to trusts, which often involve greater complexity, significant time commitments, and typically represent a one-off, all-or-nothing planning decision.

This is a high-risk investment. The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest.

Tax treatment depends on individual circumstances and tax rules could change in the future. Tax relief depends on portfolio companies maintaining their qualifying status.

1 CHANGES ANNOUNCED in late 2025

a

Autumn statement · 2025

The Business Relief allowance became transferable between spouses from 6th April 2026:

- Any unused allowance for the 100% rate of Agricultural Property Relief and unquoted Business Relief will be transferable to a surviving spouse or civil partner.
- If the first death was before 6th April 2026, it will be assumed the entirety of the allowance will be available for transfer to the surviving spouse or civil partner.

This creates a new joint Business Relief planning opportunity similar to the transferable Nil-Rate Band. It allows couples to access up to £5m of 100% Business Relief, coordinate lifetime gifting, structure trust funding more efficiently, and strategically position Business Relief assets between them for maximum relief.

Advisers should track the Business Relief allowance across both spouses to ensure that lifetime gifting does not accidentally exhaust the allowance on the first death, leading to a 50% charge to IHT on any excess value over £2.5m. Instead, the Business Relief assets in excess of the £2.5m can be moved to the spouse.

If the survivor inherits unused allowance, they may have up to £5m of 100% Business Relief available for lifetime transfers. This enables larger Business Relief-qualifying Chargeable Lifetime Transfers into trust without lifetime IHT and higher value Business Relief-qualifying transfers every seven years.

The review of wills, ownership structures, partnership agreements, and shareholdings will be required to maximise tax efficiency. They may also need to be updated again as planned CLTs and PETs take place.

Continue

b

Autumn statement · 2025

The 100% relief allowance will refresh every seven years for lifetime transfers, much like the Nil Rate Band.

If the donor dies within seven years of making a Business Relief-qualifying gift, the gift is treated as a failed gift and uses up the £2.5 million 100% relief allowance, with any excess Business Relief-qualifying gift receiving 50% IHT relief via Business Relief.

Taper relief only applies where there is death tax to taper. Under the new Business Relief allowance system:

- The first £2.5m of Business Relief-qualifying transfers receives 100% Business Relief.
- Any value above £2.5m receives 50% Business Relief.
- The remaining 50% of the excess is chargeable and may use the Nil-Rate Band.

Taper relief is a UK inheritance tax rule that reduces the amount of tax due on certain lifetime gifts that exceed the available Nil Rate Band if the donor survives at least three years after making them. It doesn't reduce the value of the gift - only the tax charged on it - and the reduction increases the longer the donor survives within the seven-year window.

Continue

Taper Relief: Non-Business Relief Gifts vs Business Relief-Qualifying Gifts
(Post-6 April 2026)*

Feature	Non-Business Relief Gifts (PETs/CLTs)	Business Relief-Qualifying Gifts ≤ £2.5m	Business Relief-Qualifying Gifts > £2.5m
Chargeable amount at date of gift	n/a if PET CLT: full value (minus NRB if CLT)	n/a if PET CLT: £0 after 100% Business Relief	n/a if PET CLT: reduced by 100% BR on first £2.5m and 50% BR on excess
Chargeable amount if donor dies within 7 years	Full value (minus any NRB)	£0 after Business Relief re-applied	Same chargeable amount as at lifetime (BR re-applied)
Does death create additional tax?	Yes	No	Yes on non-relieved portion
Is taper relief available?	Yes	n/a	Yes

** Provided no other BR asset is in the estate on death*

In the comparisons below, the full £325,000 NRB is available to the donor and there are no other gifts in the seven years from the £4m gift (no RNRB is available):

Year	£4m Business Relief-qualifying gift to individuals	£4m non-Business Relief qualifying gift to individuals
2026	At the time of the gift, it is a PET which has no lifetime tax regardless of size.	At the time of the gift, it is a PET which has no lifetime tax regardless of size.
2030	**Donor dies 4 years later.** The first £2.5m attracts 100% relief. The remaining £1.5m attracts 50% relief, generating a chargeable amount of: 50% × £1.5m = £750,000 − £325,000 NRB = £425,000 For a PET, it is simply noted for death-time testing. Business Relief applies at death at the same 100%/50% rates. 40% taper relief applies for death 4-5 years after gift on non-relievable amounts in excess of available NRB = £425,000 x 24% = IHT liability: **£102,000**	**Donor dies 4 years later.** The PET becomes chargeable at death: £4m − £325,000 NRB = £3,675,000 40% taper relief applies (death 4–5 years after gift): £3,675,000 × 24% = IHT liability: **£882,000**

C

Autumn statement · 2025

IHT thresholds extended freeze

After being frozen for an additional two years to 2029/30 in the Autumn Statement of 2024, the freeze on both the Nil Rate Band and Residence Nil Rate band were extended by a further year to 2030/31 in 2025's Autumn Statement.

According to the Bank of England's inflation calculator (CPI), if the NRB had risen with inflation since 2009, it would have reached £525,191.90 by December 2025. The RNRB would have hit £219,462.04. That gives a total for the NRB and RNRB of £744,653.94 per individual or £1,489,307.88 per couple that would have been sheltered from IHT in the 2025/26 tax year alone – the equivalent of an IHT liability of up to £595,723.15.

Obviously, the more years these thresholds are frozen and not increasing by the inflationary forces acting on wages, assets and property prices, the greater the number of estates exceeding, and the amounts by which they exceed the frozen nil rate bands, will grow.

Frozen NRB and RNRB per individual if they had been indexed

	Frozen thresholds	At December 2025 increased by historical CPI annually	At 2030 if increased by target 2% CPI annually	At 2031 if increased by target 2% CPI annually
Nil Rate Band	£325,000 (2009)	£525,191.90 +£200,192 vs frozen	£568,360 +£243,360 vs frozen	£579,870 +£254,870 vs frozen
Residence Nil Rate Band	£175,000 (2021)	£219,462.04 +£44,462 vs frozen	£237,544 +£62,544 vs frozen	£242,165 +£67,165 vs frozen

Continue

d

At Christmas · 2025

APR/Business Relief allowance will be £2.5m per individual (£5m per married couple)

On 23rd December a government press release announced that, *"the level of the Agricultural and Business Property Reliefs threshold will be increased from £1m to £2.5m when it is introduced in April 2026. This allows spouses or civil partners to pass on up to £5m in qualifying agricultural or business assets between them before paying inheritance tax, on top of existing allowances."*

The intention is to *"significantly reduce the number of farms and business owners facing higher inheritance tax bills under the reforms, ensuring that only the largest estates are affected."*

- → From April 2026, a married couple or civil partners will be able to pass on unquoted Business Relief-qualifying assets worth up to £6 million tax free, by combining two £2.5 million agricultural/business property allowances, two £325,000 Nil-Rate Bands and two Residence Nil Rate bands (if available) that can be transferred between them on death.
- → From April 2026, the Agricultural/unquoted Business property allowance for trusts will be £2.5 million per settlor, providing 100% relief on this amount. Amounts exceeding £2.5 million will generally receive 50% relief. This new allowance applies to lifetime transfers into trusts and relevant property regimes.

Trust fees calculations for Business Relief-qualifying assets:

(These are simplified examples and assume no other assets in the trust)

Entry charge

Chargeable amount

First £2.5m — 100% BR
0% chargeable

Excess — 50% BR
50% chargeable

×

Lifetime trust rate

20%
Applicable to chargeable amount above available NRB

10-year charge*

Chargeable amount

First £2.5m — 100% BR
0% chargeable

Excess — 50% BR
50% chargeable

×

Maximum rate

Up to 6%
Relevant property trusts maximum rate

** The NRB reduces the asset value on which the 10-year charges or Exit charges, is calculated, where available.*

Exit charge

Maximum rate

Up to 6%

×

Chargeable amount

First £2.5m — 100% BR
0% chargeable

Excess — 50% BR
50% chargeable

×

Time proportion

Complete quarters since last 10-year anniversary ÷ **40**

(40 quarters in 10 years)

2 WHAT THE CHANGES MEAN
for farmers, businesses & individuals

FARMERS

The government has clearly been impacted by the loud lobbying of the UK farming community which argued that high land values do not reflect profitability, making the original £1 million cap unrealistic for covering land, machinery, and livestock being passed to heirs. Others warned of the risk of breaking up productive agricultural land, which could jeopardize domestic food production. Despite framing the plan to cap 100% APR/BPR at £1 million as necessary to protect food security by ensuring that reliefs were focused on genuine, productive farming and business activity, after raising the 100% allowance to £2.5m per individual, the government stated:

> *"these reforms will only affect a small number of estates. Key aspects of UK food security include prices and physical availability, and changes to inheritance tax reliefs are not expected to have a material impact on either."*

The increase of the allowance to £2.5m is projected to cut the number of estates claiming agricultural property relief (including those also claiming Business Relief) affected by the reforms from 375 to 185 in 2026/27.

What are the changes to agricultural property relief →

Analysis of DEFRA's June 2025 Agricultural Survey suggests that many more farms than referenced by the government need to take into account the changes to Business Relief over the coming years: Of around 212,000 commercial farms in the UK, 19,000 are listed as larger than 300 acres (≈ 10,000 farms over 300 acres, ≈ 6,000 farms over 500 acres and ≈ 3,000 farms over 1,000 acres). Given land values, virtually all farms over 500 acres exceed £5m, and many over 300 acres do too, making it reasonable to estimate that 8,000–12,000 farms are valued at £5m+.

Continue ▶

Farms with a total valuation above £6m owned by a married couple, spouses or two parties (a £2.5m 100% Business Relief allowance each, two unused £325,000 NRBs and two unused £175,000 RNRBs*) will need to consider the Business Relief cap and plan accordingly. Where a farm is owned by one person, they will be able to pass on land and property valued up to £3 million tax free. That is made up of their standard £325,000 nil-rate band and an additional £2.5 million tax-free allowance for agricultural assets in their estate and their RNRB of £175,000*.

* RNRB is only available if the estate value after exemptions and reliefs (not RNRB) does not fully taper away the allowance. For every £2 by which the estate value exceeds £2,000,000, £1 of the RNRB is lost.

> “Although it won’t be a common scenario, if a farmer or business owner dies leaving their estate to their spouse, the surviving spouse will now effectively have a double allowance of up to £5m. If he or she then meets a new partner, there may be a tax incentive to marry the new partner. Why? Because if the surviving spouse dies before the new spouse, they could then leave £5m of qualifying assets to their children tax-free and the balance on trust for the new spouse. When the second spouse dies, the remainder of the farm or business assets would pass to the children with the possibility of benefiting from the second spouse’s own £2.5m allowance, which would otherwise have been wasted. That would effectively allow £7.5m of qualifying assets to pass tax-free to the children. Putting romance and the other aspects of a second marriage in later life to one side, careful tax advice will be needed in these circumstances as the consequences of not getting it right could be very costly. The potential of a big tax saving could also allay the usual fears of the children when their widowed parent remarries.
>
> **Andrew Goldstone**, Partner, Mishcon de Reya LLP

BUSINESSES

RSM told the House of Lords Economic Affairs Committee before the announcement of the increase of the 100% Business Relief allowance from £1m to £2.5m per individual, that it was already *"aware of business owners who have already diverted funds away from further business investment to reserve liquid funds for future IHT."* This is contrary to the recent messaging that in the country in general, greater investment is required, with calculated, intentional risk, taken to drive innovation and growth viewed as an essential, managed component necessary for achieving long-term growth.

Kristy Barr

Co-head Retail

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> For some time the government has been encouraging people to invest more because, overall, we are all holding too much cash. Chancellor Rachel Reeves stated in early 2025, "the UK has been regulating for risk, but not regulating for growth." Importantly, investment stimulates the economy and helps businesses expand.

There is a potential that many non-farming businesses will face exposure to higher IHT liabilities. This is because ONS data suggests that 27,000–54,000 UK businesses have a valuation of £5m+. (Roughly 1–2% of the 2.73m VAT/PAYE registered businesses in turnover bands £5m–£10m, £10m–£50m and £50m+, with the remaining unregistered UK businesses numbering an additional 2.87m being mostly unregistered firms which are largely micro-businesses.) Of private UK businesses, 93.2% are family firms. That infers that between 25,000 and 50,000 family businesses may be impacted, of which 8,000 to 12,000 are farms.

Latest Figures Reveal The Family Business Impact On The UK Economy

In this context, with the transferable 100% allowance, couples can choose which spouse should die holding Business Relief assets to maximise relief. This is particularly relevant where one spouse owns the business and the other does not. Business owners should regularly review their business operations to check the Business Relief position and plan accordingly. Each spouse should consider holding at least £2.5m in Business Relief qualifying assets or passing some qualifying assets to beneficiaries other than their spouse.

Continue

It is sometimes possible to effectively apply to HMRC for advance clearance on the availability of Business Relief. This can only be done where a chargeable transfer is being contemplated, e.g. a transfer to trust. A holdover relief claim for CGT can also be made at the same time as a chargeable transfer, so there is no CGT on the transfer of an asset to a trust.

> “IHT planning is critical to the long-term planning of all family businesses. For years, we have been making the case to successive governments about the importance of the policy. It is a great example of how tax policy can be used in a positive and constructive way, creating enormous benefit for the economy and society. The fact the policy has been in place for decades meant many family businesses were caught off guard by the changes. For many, especially those with older shareholders, it has rather forced them into accelerating their succession planning.
>
> **Fiona Graham**, Chief Operating Officer, Family Business UK

INDIVIDUALS

HMRC’s latest annual IHT statistics, reporting on 2022/23, reveal that the majority of Agricultural Property Relief (83%) and Business Relief (76%) was claimed by the estates of individuals aged 75 or over. The assumption, though, is that well under 1% of all UK deaths have an estate value of £5m+, meaning that the vast majority of individuals will be unaffected by the £2.5m cap. Those without a civil partner or spouse are likely to be most at risk of Business Relief qualifying assets spilling over into the £2.5m+ 50% IHT category.

One of the complaints that people have been levelling at the new rules is that they are discriminatory to older people who have had their planning in place for a long time, and who suddenly found themselves with 18 months to make their planning fit for purpose. Business Relief, as a fast-qualifying estate planning method is well-placed to offer a more useful solution in that context.

According to the government:

> *“the reforms are expected to result in up to 1,100 estates across the UK paying more Inheritance Tax in 2026 to 2027. Of the 1,100 estates, up to 185 estates claiming Agricultural Property Relief, including those also claiming Business Relief, are expected to pay more Inheritance Tax in 2026 to 2027.”*

Continue

The vast majority of the 1,100 - up to 915 estates - only claiming Business Relief are expected to pay more Inheritance Tax in 2026/2027. This suggests significantly more impact on Business Relief users than those using Agricultural Property Relief.

It is worth noting, though, that the 100% £2.5m cap on asset-backed Business Relief is frozen until 2031 at the earliest. So is the 50% £2.5m cap into which any asset-backed Business Relief qualifying assets fall once the 100% allowance is full. As a result, if Business Relief qualifying assets currently valued at £2.5m experienced growth only at the level of the Bank of England's 2% annual CPI target, in 2031, they would be worth £2,760,200. The excess would be charged to IHT at 50% IHT:

£260,200 x 20% = **£52,200**

This would then reduce the 50% allowance available to £2,239,800, with any excess incurring a 100% charge to IHT. In fact, £5m of Business Relief qualifying assets across a married couple in 2026, would be worth £5,520,400 by 2031 if CPI of 2% per year acted on them. This would leave the couple's estate, whether it was made up of business or agricultural assets, with an additional £104,400 charge to IHT.

So, the value of Business Relief-qualifying assets within estates should be monitored, particularly if it is currently close to £2.5m for individuals and £5m for couples. Remember though, that Business Relief can be used alongside other estate planning strategies should there be concerns that the value of client estates may exceed the allowance.

3 The impact on recently changed **ESTATE PLANNING**

With the last-minute announcements to increase the 100% Business Relief allowance from £1m to £2.5m and for it to become transferable between spouses and civil partners, came a substantial reduction in the number of estates affected and a reversal of the need for many defensive planning steps. As a result, some advisers were forced to revisit recommendations already made.

While the recent government change and policy reversal has resulted in the requirement for additional work/potential revision among financial advisers, early planning is beneficial in trying to optimise a client's position. According to **Lee Rebbeck** DipPFS, Certs CII (MP + ER), Practice Principal at Oyster Financial Solutions, who started making plans with clients before the announcement on 23 December 2025, *"my clients have been very understanding. They choose to engage with me because they know that even the best plans need reviewing from time to time in line with changes in legislation and of course their own individual circumstances. This approach is key to ensuring they remain on track in achieving their financial objectives."*

Kristy Barr

Co-head Retail

octopus investments

"As an adviser, you need to act on the facts and circumstances that are in front of you. So, anyone who has already adjusted planning based on a non-transferable £1m 100% Business Relief allowance, has done the right thing because their actions were based on what they understood was coming up. In this situation I'd say always do scenario planning so the client understands what could happen and you're prepared for different eventualities. And make sure any changes made are fully documented. The policy intent of the government has not changed since it was announced at the 2024 autumn budget, but the logistics of it have been changed with the size and transferability of the 100% allowance. So, the increase from £1m to £2.5m, or £5m per couple, has given the opportunity for further planning improvements and if you've done the modelling, you'll be ready to proactively maximise the possible tax savings and show suitable clients the potential benefits of flexible plans.

Continue

From 6 April 2026, death-order of a couple will no longer affect 100% Business Relief availability and jointly owned businesses are far less exposed. Estate value projections, planning memos, suitability reports, technical notes and Business Relief exposure models must be updated. Shares or other gifts made to children, the use of trusts to manage exposure or restructuring of wills or partnerships may have become unnecessary.

> "The one thing I would urge all families to do immediately is get professional advice and make sure your succession planning is prioritised. Family businesses survived before Business Relief was introduced and they will do so now. But, in an uncertain economic and policy landscape being certain about securing your legacy is more important than ever.
>
> **Fiona Graham**, Chief Operating Officer, Family Business UK

4 WHERE DOES BUSINESS RELIEF now sit in estate planning

There is no doubt that a shift in estate planning is taking place as a result of the recent changes to Business Relief, IHT thresholds and the soon-to-be-implemented inclusion of unused pensions in death estates for IHT purposes. The following are some of the trends to be aware of:

→ Greater complexity drives greater need for advice

Bringing in the new rolling seven-yearly refreshing 100% Business Relief allowance with 50% applicable to the excess, as well as the effect on transfers into trust and gifts, undeniably pushes up the complexity of Business Relief. But that also increases the importance of leveraging expertise, not just for end-users through financial advisers, but also for financial advisers with less experience in this area. **Mark O'Donnell**, Insight Manager at Defaqto certainly considers, "*education for clients on Business Relief is key because many will have concerns about potential losses and liquidity. Unlisted Business Relief services are structured differently and invest in private assets across a range of sectors that many clients will not have had prior exposure to in their previous portfolios. This is where advisers need to upskill themselves and impart confidence through knowledge to those for whom Business Relief could be part of the most appropriate planning route.*"

Kristy Barr

Co-head Retail

octopus investments

> Whilst Business Relief is conceptually simple as it's just an investment, it can be complicated when applying it to a clients specific circumstances; it is high risk and it's not for everyone. I think one of the challenges that advisers have is in explaining this to their clients - taking something that's complicated and trying to make it simple, which is one of our goals. We're trying to make estate planning as easy to understand as we can for beneficiaries with lots of tools and accessible services. Our Intergenerational Planning Team is fully available to advisers to support outstanding outcomes and relationship building that lasts across generations. There's also Octopus Legacy which can help with will writing, trusts, life insurance, Lasting Powers of Attorney, probate and executorship.

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What I own and where I keep it

Work with your clients to create a record of their assets and any gifts they've made. You can contact your Business Development Manager to co-brand this PDF with your firm's logo.

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→ Frozen thresholds and unused pensions in IHT calculations drive higher IHT liabilities and the search for substitute planning tools

This has already been evident for some time. In total, IHT receipts in the 2022/23 financial year, the year after the Residence Nil Rate Band was frozen, amounted to £6.70 billion. The Office for Budget Responsibility estimated in November 2025 that by 2030/31 this would more than double to £14.5 billion. The inclusion of pensions in the death estate for IHT purposes from April 2027 is set to become an integral element of this continued surge by pushing more and more estates over the IHT threshold. The lack of pensions as a simple and tax-efficient way to grow and shelter funds from these liabilities is already fuelling searches for alternative planning, including Business Relief.

> " I think that people are becoming more aware of the impacts of higher taxation and fiscal drag and this is also influencing estate planning. It's something we're getting more calls about from clients wanting to review their situation rather than us identifying it as an area for them to look at. We have noticed that people in their 60s are now proactively engaging on their legacy planning needs. Previously these conversations were typically with those in their 70s and 80s. With many clients now tending towards wealth migration, advisers should really be speaking to clients in their early 50s onwards to consider planning beyond their own lifetimes.
>
> **Lee Rebbeck,** DipPFS, Certs CII (MP + ER), Practice Principal, Oyster Financial Solutions

Continue

Bigger estates drive earlier planning

The potential for larger estates is prompting people to engage in estate planning earlier. The previous advice framing pensions as the 'last-to-touch asset' will no longer work as a limitless pot of later life funding, and failing that, IHT-free legacy. Instead, cash-flow forecasts and asset valuations will play a more important role in calculating what individuals need in their lifetimes and what will be exposed to death taxes.

Kristy Barr

Co-head Retail

octopus investments

> "Business Relief can evolve with your estate planning needs as a flexible and efficient solution. Your estate planning has to take into account all of your asset growth across a lifetime, how much you want to draw down, where you have liquid assets, non-liquid assets, what you want to gift now or later, and what you might need for care planning. It's not a once and done exercise, that's why financial advisers are so critical because they provide that regular check-in and revision of your plans to accommodate different cycles. Remember too that a Business Relief strategy can develop with life stages, with younger clients starting small, topping up when necessary and getting more comfortable with it. They can take their money out, but still have a window to put it back if they want to, without having to restart that clock and still having access to growth or income. That makes it more accessible than trusts, which can be complex, time-consuming and more of a one-off, all or nothing planning step.

→ Younger beneficiaries drive greater intergenerational planning opportunities

There is a strong argument that the vast majority of those doing inheritance tax planning are doing it for the benefit of the children. That suggests that it is a good idea to involve them in the planning at the start of the process to ensure that, not only does it work for the parents or grandparents, but it is also right for the eventual beneficiary.

Jasmine Christy, Head of Intergenerational Planning, Octopus Investments emphasises the raised importance of advisers giving advice to the younger generation, because some will have been passed this money much earlier than previously. Her view is that, with pensions coming into the scope of IHT, people are going to continue to pass money down much earlier than before.

> “ As the IHT burden inevitably increases, I expect clients to take advice on IHT planning at an earlier age, particularly farmers and business owners who can no longer rely on holding qualifying assets until death and passing them on to their children with neither CGT nor IHT charges. For those older individuals with large pension pots who are caught on their death by the new IHT rules, their heirs will be acutely aware of the implications. That will act as a further incentive for them to seek their own estate planning advice at an earlier age than they might otherwise have done.
>
> **Andrew Goldstone**, Partner, Mishcon de Reya LLP

The awkwardness of discussing death with clients has been attributed as one of the main reasons that advisers often don’t take the initiative with these types of conversations with both older and younger clients. But there are plenty of reasons to open up those discussions as a route to retaining assets under management across generations. Currently, one important issue for younger clients is just how much they should be putting in their pensions.

Even if there is no relationship between the parents and their heirs at the death of the parents, advisers should still be proactive about addressing them after the passing of the older generation, even if only to fulfil Consumer Duty requirements to ensure planning is properly followed through to achieve the expected best outcomes.

Continue ▶

Greater awareness and retail investment campaign set to further drive mainstreaming of Business Relief

The introduction of a capped allowance for 100% Business Relief has significantly boosted its profile, particularly since it has been linked to farming as a result of its combination with Agricultural Property Relief. This has led to Business Relief not only being included in lobbying efforts by family businesses but also in the very public campaign of farmers, those representing their interests and the wider agricultural sector.

That kind of powerful publicity has created a broad awareness of the £2.5m 100% Business Relief allowance at the disposal of those with asset-backed Business Relief assets. The fact that it has also been widely equated with the Nil Rate Band in the way it works, has also generated an understanding of the allowance as a valuable relief that should be used before other options.

> “Now that it’s been in the press for a few months, I do see Business Relief gaining a higher profile. As a business we have certainly noticed an increase in the number of BR cases we are doing. This uplift started at the beginning of last year and it’s a theme we are seeing come through in more and more in client conversations.
>
> **Lee Rebbeck,** DipPFS, Certs CII (MP + ER), Practice Principal, Oyster Financial Solutions

Even the risks associated with Business Relief have been, to a certain extent, diffused by the moves to encourage more retail investment and sensible risk-taking. In fact, in the summer of 2025, as part of the Leeds Reforms, the UK government announced the creation of an industry-led, nationwide retail investment campaign launching in April 2026. It aims to raise awareness about the importance of informed investing for individuals to meet their long-term financial goals. The logic is indisputable with figures quoted by the government confirming that an estimated 29 million adults across the UK have cash sitting in a low-interest rate account offering around 1% - while the average return for stocks and shares over the last 10 years is around 9%. Of course, such investment is also valuable to the broader economy.

Continue

Given the use of pensions for IHT planning, it is perhaps not surprising that 19% of personal wealth in the UK is allocated to pensions, compared with 17% in the US and 6% per cent in Germany, the lowest of the G7 (2025 Research from Aberdeen). This is clearly about to change with pensions no longer being an IHT-free wrapper, so where does excess pension wealth go? For some, there will be an argument for at least some of it to go to Business Relief investments which may only be strengthened by the stark statistics: UK savers invest just 8% of their wealth directly into equities and funds compared with 33% in the US and an average of 14% across the remaining five G7 nations. (2025 Research from Aberdeen)

> Business Relief has always been a mainstream part of estate planning but strangely, it never received as much attention as it probably should have. It's been available in its current unlimited form for many decades, so most taxpayers never thought about proactive planning to maximise its benefits. Now that it's being restricted, I suspect we will see more clients ask for advice in order to maximise the relief that is still available. A case of buy now while stocks last. That said, others may do nothing in the hope that the old rules will be reinstated if we see a change of government in the next few years. That could be a forlorn hope.
>
> **Andrew Goldstone**, Partner, Mishcon de Reya LLP

→ Consumer Duty and high tax environment drives more advisers to engage with estate planning

If any client's long-term objectives or legacy plans carry foreseeable risks such potentially increased IHT exposure, Business relief issues or trust or will-planning gaps, the adviser must recognise these risks as part of understanding the client's objectives and circumstances. Consumer Duty requires firms to act to avoid foreseeable harm, even if the harm arises in an area they don't personally advise on. Hence, an adviser cannot ignore a foreseeable risk. They must not give estate-planning advice if they are not qualified or authorised to do so. But they must give the client enough information to understand that there is a material risk, the adviser cannot address it and the client should take specialist advice. Having a responsibility here, requiring work from the adviser, but directing the client to a third-party adviser does not seem like the most commercial option.

Continue

Of course, any tax planning can be complex, but it may be more widely in demand in general as taxes are set to continue to climb. By 2029/30 the Office for Budget Responsibility (OBR) expects taxes as a proportion of GDP to reach an unprecedented 38%. This equates to 3% higher than the 2024/25 rate and 5% above their pre-pandemic level. Much of this has fallen to individuals, with around two-thirds of this increase in the tax take since 2019-20 coming from rising personal taxes – primarily due to previously announced threshold freezes and employer NICs increases, and the personal tax rise package in the November 2025 Budget.

Long-term structural pressures from an ageing population, rising public service costs, and weak productivity growth are expected to keep taxes elevated. In fact, the number of higher-rate taxpayers in the UK has reached record levels, with over 5.1 million people now paying 40% tax — and forecasts suggesting this figure could rise to 9 million by 2028.

Tax Planning for Higher-Rate Taxpayers in 2025

A shift from reactive year-end tax planning to pro-active long-term tax planning is more likely to encompass tax-efficient investment strategies including those offering IHT mitigation with individuals considering both their lifetime and legacy requirements.

Kristy Barr

Co-head Retail

octopus investments

> “The thinking has been to touch pensions last because they were such a safe haven. They gave you tax relief on the way in, compounding growth throughout the life of the pension, and then inheritance tax relief for anything unused at the end of your cycle. Now, they are squarely focused on providing income in retirement, so the question is ‘how do you plan for the rest of your assets?’ I think that’s where Business Relief can have a lot to offer: You get the potential of compounding growth, maintain access to your money and tax relief on death. So, it can be a really effective way to plan for retirement while planning for your assets.

5 CHANGING RISK PROFILES in Business Relief including AIM-based offers

Risk profiles in Business Relief products have been shifting since the new IHT rules were announced in October 2024. This has been particularly evident in some product re-engineering designed to optimise relief and income and diversify potentially higher Business Relief allocations across unlisted and AIM strategies.

Business Relief products have always been characterized as 'high risk' by the regulator. With the introduction of a Business Relief cap as well as the inclusion of unused pensions in IHT calculations, there may be scope for a broader audience for Business Relief qualifying investments. Not only has this led some managers to attempt to demonstrably lower the risk profile of their specific offers, but it has also prompted others to introduce higher risks in funds focused on marrying higher returns with the 100% Business Relief allowance available to unlisted shares, rather than the 50% soon accessible to AIM-quoted Business Relief qualifying shares (applicable from 6 April 2026):

Some managers are reassessing whether AIM portfolios remain appropriate when the tax benefit is capped, although it is important to remember that AIM continues to play an important role within Business Relief strategies. Business Relief investment managers continue to see strong opportunities in well-established, profitable AIM-quoted companies that meet Business Relief qualification criteria. Recent market volatility has also adjusted valuations across parts of AIM, which many managers believe creates a buying opportunity to benefit from long-term returns when the market recovers. AIM's governance standards, analyst coverage, and the diversification it can add alongside unlisted Business Relief approaches remain important strengths of the market.

Richard Power

Head of Quoted companies

octopus investments

> "During the recent interest rate market led cycle we have seen valuations fall to a level not seen since the financial crisis – providing one of the best buying opportunities of AIM Quoted companies for 30 years.

Continue

Below are some of the considerations to take into account.

AIM Business Relief route

AIM Business Relief may still be suitable for those with more tolerance for volatility, seeking the growth potential to surpass the reduction to 50% IHT relief. Also, AIM Business Relief portfolios could continue to work for those with high risk tolerance and who are keen to leverage increased levels of liquidity compared to unquoted Business Relief.

Unquoted Business Relief route with IHT payment certainty

Offering life insurance for the first two years of holding a Business Relief investment, so that any IHT is paid by an insurance claim for deaths within this period. Following two years, 100% Business Relief relief up to the £2.5m allowance is available, but it can be costly. *"Octopus has just relaunched its Business Relief insurance at a much more cost-effective price point"*. **Jasmine Christy**, Head of Intergenerational Planning, Octopus Investments.

Higher returning unquoted Business Relief route

A number of managers offer a version of their asset-backed product, working in sectors they are familiar with but with higher risks designed to potentially enable higher returns while still eligible for the 100% BR qualification.

Continue

Why AIM may be considered for ISA clients

For clients who already hold ISA savings, AIM-based Business Relief can offer an additional planning option. From April 2026, ISA portfolios invested in qualifying AIM shares can obtain 50% inheritance tax relief after two years, while maintaining the tax-free income and growth benefits of the ISA wrapper. AIM also offers features some clients value, such as daily pricing and increased liquidity through the market.

While AIM is higher risk and more volatile than unlisted Business Relief solutions, it may suit clients with higher risk tolerance, longer investment timeframes, or those looking to retain assets within an ISA environment while still reducing part of the future inheritance tax burden. Advisers often use AIM ISA allocations as part of a broader estate planning mix, combining market-based growth potential with partial inheritance tax relief.

Jasmine Christy

Head of Intergenerational Planning

octopus investments

> “It’s interesting that you now see some managers investing in earlier stage companies for Business Relief and seeing those opportunities carried over into a Business Relief portfolio, which is likely more appealing for younger investors that are interested in taking more risk and targeting a higher return. That speaks to the flexibility and adaptability of Business Relief as an evolving solution through the generations.

6 CHANGES TO THE BALANCE between Business Relief and CGT?

The new limits to Business Relief and the increases to capital gains tax (CGT) rates in October 2024 (with the gradual equalisation of Business Asset Disposal Relief (BADR) and Investors Relief up to the standard basic rate of 18% from 6th April 2026) have adjusted considerations of CGT versus IHT in some planning decisions.

Before the reforms, CGT was often a secondary concern, because:

- Investors could accept higher CGT exposure knowing Business Relief entirely eliminated IHT.
- Most Business Relief strategies (whether AIM portfolios or asset-backed approaches) were held until death, wiping out CGT via the tax-free uplift. The person inheriting the asset receives it at its probate value (the value at death) and any future CGT is only due if the beneficiary later disposes of the asset for more than that probate value.

The IHT advantage of Business Relief for larger estates in particular is reduced by capping it. If Business Relief only shelters part of the asset value, the remaining portion may face IHT at 40%. This makes CGT crystallisation events (e.g., selling AIM shares to rebalance risk) more painful because the IHT saving no longer fully compensates.

Kristy Barr

Co-head Retail

octopus investments

> “ CGT has become a more important factor in estate planning, but you should remember that Gift Holdover Relief, which effectively postpones the gain on certain business assets by transferring it to the recipient for payment when they dispose of it, remains available. While the application of Business Relief and Gift Holdover Relief are not identical, gifts that qualify for one often also qualify for the other. This means business relief qualifying assets, continue to retain potential additional benefits when gifting.

So, the CGT uplift on death becomes a more central part of the planning conversation. In some situations, CGT-efficient assets may outperform Business Relief, such as when the estate is significantly above the Business Relief cap. Consequently, from a Consumer Duty standpoint, it is now likely to be necessary to calculate how CGT liabilities could impact gifted assets.

7 UPDATED CASE STUDIES
on common Business Relief usage pre and post 6th April 2026

Case study 1

Large estate, previously fully Business Relief qualifying and fully exempt from IHT

Sally (58) owns a trading company valued at £40,000,000 and expects it to qualify for Business Relief. She has used all her other reliefs and allowances, including NRB and RNRB.

- → The first £2,500,000 of shares qualify for 100% Business Relief = £0 IHT chargeable value
- → The excess value of £37,500,000 qualifies for 50% Business Relief = £18,750,000 chargeable value
- → IHT: £18,750,000 × 40% = **£7,500,000**

Case study 2

Using Business Relief rolling relief more than once

Judy owns shares in a trading company. On 1st August 2026, she settles £2.7 million of Business Relief qualifying shares into a trust. She has no available NRB. Under the new rules, the first £2.5 million of the gift qualifies for 100% Business Relief (no IHT), while the remaining £200,000 is subject to 50% Business Relief. (£100,000 x 20% = **£20,000 IHT**)

As a result, Judy has used all her 100% Business Relief allowance until it refreshes seven years later. So, if she gifts more Business Relief qualifying shares within those seven years, they will only receive 50% relief until the seven-year period from August 2026 passes.

In September 2033, she gifts another £2,825,000 of shares to her daughter. Since the 100% allowance has refreshed (due to the 7-year rule). The first £2,500,000 is covered by the refreshed £2.5m 100% Business Relief allowance. The remaining £325,000 would attract 50% relief and any excess would only use NRB if Judy dies within 7 years. If she survives 7 years, the PET becomes fully exempt.

Continue ▶

Case study 3

Couples and Spousal Transfers
(assuming no NRB or RNRB is available)

At death, both Mario and Sarah Johnson have used all their reliefs and allowances, aside from Business Relief.

Mario and Sarah Johnson both own Business Relief qualifying shares in their own businesses. Mario dies in August 2027 when his shares are valued at £1.5 million. His shares are inherited by his wife and are exempt from IHT through the spousal exemption, meaning his £2.5m 100% Business Relief allowance is totally unused.

Sarah inherits Mario's ownership period for Business Relief purposes, so the Business Relief "clock" does not restart and the shares retain their Business Relief qualifying status as long as the underlying business continues to qualify.

Sarah now owns shares valued at £5.5 million - £4 million in her own company and £1.5 million in Mario's company. At her death three years later, she can potentially use her own £2.5m 100% Business Relief allowance and her husband's unused £2.5m 100% Business Relief allowance which is transferred to her, allowing her to protect £5 million of the business assets the couple built up.

The excess £500,000 is taxed at 50% Business Relief. (£250,000 x 40% = **£100,000**)

8 SUMMARY
of unquoted Business Relief rules from 6th April 2026

Area	**Old Rules** (pre-April 2026)	**New Rules** (from April 2026)
Maximum value qualifying for full 100% relief	No monetary cap. Qualifying business property could receive 100% relief regardless of value.	£2.5 million per person receives 100% relief. Above this, only 50% relief applies.
Spouse / civil partner combined allowance	No combined cap; each spouse could claim unlimited 100% relief on qualifying assets.	Combined £5 million full-relief allowance for couples (2 × £2.5m).
Transferability of Business Relief/APR allowance between spouses	No monetary allowance existed, so nothing to transfer; relief applied to qualifying assets on each death without a cap.	The unused portion of the £2.5m relief allowance is transferable to a surviving spouse/civil partner, allowing their allowance to be "refreshed" up to a combined maximum of £5m on second death. Any unused portion of this £2.5 million allowance from a spouse who died before 6 April 2026 is fully transferable to the surviving spouse.
Relief rate above the cap	Still 100% if asset qualifies.	50% relief on value above £2.5m.
Shares that are listed on 'unrecognised investment exchanges' such as AIM or Aquis	AIM quoted shares qualified for 100% relief with no cap.	Rate of Business Relief for all AIM quoted shares and similar is reduced to 50%. There is no cap and such shares do not contribute to the calculation of the £2.5m relief allowance.
Trust planning	Business Relief/APR could be applied repeatedly through trust structures without a monetary cap.	New restrictions on trust use and gifting rules; relief limited by the £2.5m cap per settlor.
Interaction with Agricultural Property Relief (APR)	APR and Business Relief each applied independently with no monetary cap.	Both APR and Business Relief share the same £2.5m relief allowance per individual.
Payment	The instalment option is restricted to a narrow subset of Business Relief/APR assets.	From 6th April 2026, the option to pay Inheritance Tax by equal annual instalments over 10 years, interest-free, is available to all property which is eligible for agricultural property relief or Business Relief.

Continue

Gifts of unquoted Business Relief-qualifying assets

Area	**Old Rules** (pre-April 2026)	**New Rules** (from April 2026)
Definition of PET	A lifetime gift to an individual that becomes exempt if donor survives 7 years	Unchanged – PET rules remain the same
Effect if donor dies within 7 years	Assets that attract Business Relief don't use up the NRB even if death of donor is within 7 years	Assets that attract Business Relief don't use up the NRB unless the £2.5m 100% Business Relief allowance is already used up, and the 50% relief still leaves a chargeable amount, even if death of donor is within 7 years
Business Relief on lifetime gifts	Unlimited 100% Business Relief if asset qualifies; PET often reduced to £0	Business Relief allowance applies: first £2.5m at 100% relief; value above at 50% relief
Impact on PET value if donor dies within 7 years	If Business Relief applies, PET often has no taxable value	PET may have taxable value if Business Relief allowance exceeded
Effect of lifetime gifts on Business Relief at death	Lifetime Business Relief gifts do not affect BR on death	Lifetime Business Relief gifts use up the £2.5m allowance; remaining Business Relief at death reduced
Transferability between spouses	No Business Relief allowance to transfer	Unused Business Relief allowance transferable; survivor can have up to £5m allowance
7 year Recycling of Business Relief-qualifying PETs	Once 7 years have passed: The PET is ignored for IHT, it does not use the Nil-Rate Band, it does not affect taper relief, it does not affect Business Relief availability on death and the donor's estate is effectively reset for the next 7 years	Once 7 years have passed: The PET is ignored for IHT, it does not use the Nil-Rate Band, it does not affect taper relief, it does not affect Business Relief availability on death. After 7 years, the Business Relief allowance used by that PET is restored

Chargeable Lifetime Transfers of unquoted Business Relief-qualifying assets into trust (assuming no NRB is available)

Consideration	Trusts Existing at 30th Oct 2024	New Trusts Created After 30th Oct 2024 (Before 6 Apr 2026)	Trusts Created on or After 6th Apr 2026
Business Relief treatment on CLTs before 6 Apr 2026	Unlimited 100% Business Relief if asset qualifies	Unlimited 100% Business Relief	n/a
Business Relief treatment on CLTs on/ after 6 Apr 2026	Subject to £2.5m allowance; 50% relief above	Subject to £2.5m allowance; 50% relief above	Subject to £2.5m allowance; 50% relief above
Lifetime IHT (20% entry charge)	Pre-2026: none; Post-2026: charge on non-relieved value	Same as existing trusts	Applies immediately if allowance exceeded
Use of settlor's Business Relief allowance	Pre-2026: no Post-2026: Yes. A CLT of Business Relief qualifying asset usually has no lifetime IHT as 100% Business Relief up to the £2.5m allowance relieves it of 20% trust entry charge. Any value above that allowance receives 50% Business Relief. A Business Relief qualifying CLT leaves the settlor's NRB untouched, both at the time of the gift and on death.	Pre-2026: no Post:2026: Same as existing trust	Pre-2026: n/a Post-2026: same as existing trust
Ten-year anniversary charges	Pre-2026: Business Relief reduces value to 0; Post-2026: allowance applies	Pre-2026: n/a as newly set up Post-2026: allowance applies	Pre-2026: n/a Post-2026: Allowance applies
Exit charges	Pre-2026: often 0; Post-2026: exit charge on non-relieved value	Same as existing trusts	Exit charges apply on non-relieved value
Transfers between 30th Oct 2024 and 5th Apr 2026	Treated under old rules: unlimited 100% Business Relief	There is an additional rule that allows individuals to withdraw assets from the trust with no further implications if those assets were settled into trust between 30th October - 5th April 2026.	n/a
Anti-forestalling rules	None before 6th Apr 2026; apply thereafter	None before 6th Apr 2026; apply thereafter	Apply immediately

Consideration	Trusts Existing at 30th Oct 2024	New Trusts Created After 30th Oct 2024 (Before 6 Apr 2026)	Trusts Created on or After 6th Apr 2026
Impact on Business Relief at death	Pre-2026: CLTs do not reduce Business Relief; Post-2026: CLTs do	Same as existing trusts	All CLTs reduce Business Relief allowance at death
Spousal transferability	Only applies to post-2026 transfers	Same as existing trusts	Fully applies
Planning implications	Pre-2026 window allows unlimited Business Relief funding	Same as existing trusts; short window	Allowance-limited; sequencing essential
£2.5m allowance across trusts	Trusts settled before 30th October 2024 will each have their own £2.5m 100% IHT allowance.	Where multiple trusts are settled after 30th October 2024, the allowance is divided between trusts for their lifetime.	Where multiple trusts are settled after 30th October 2024, the allowance is divided between trusts for their lifetime.

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Adviser Home Ltd registered number 07565978

April 2026