



**The 2024 Autumn Statement introduced proposed new rules relating to Business Relief (BR), formerly Business Property Relief (BPR), and Agricultural Property Relief (APR), coming into force from 6 April 2026.**

**A consultation with HMRC recently closed, the outcome of which was confirmed on 21 July. Subject to further amendments, the announcements will be included in the upcoming Finance Act.**

#### **What's new?**

The new legislation relating to farms and businesses brings in a £1million allowance per person, spread across agricultural and business assets if both are owned.

This is a dramatic change to a regime which has been in place for many years, and which allowed qualifying business assets and farms to pass down the generations without a tax charge. The current rules state that where qualifying conditions are met, these assets receive 100% Inheritance Tax (IHT) relief.

#### **Latest updates**

The recent HMRC consultation confirmed that the £1million allowance will now 'renew' every seven years, in the same way as the £325,000 IHT Nil Rate Band. It also confirmed that the £1million allowance is not transferable on death to a surviving spouse.

#### **What hasn't changed?**

These proposed changes do not affect the operation of the IHT Nil Rate Band of £325,000 or the Residence Nil Rate Band of £175,000.

#### **What happens after April 2026**

From 6 April 2026, qualifying agricultural and business assets will only be exempt from IHT up to £1million per person if the conditions are met. Any excess value above this limit only receives 50% relief. This gives an effective IHT rate of 20% on the value above £1million.

#### **What can be done?**

There is an opportunity, prior to 6 April 2026, to carry out planning based on the current transitional rules. This will allow you to remove agricultural and / or business assets from your estate – potentially in excess of the £1million allowance – without an immediate charge to IHT by transferring (gifting) assets which qualify for the relief.

**If you feel the situation outlined applies to you, it is important that you contact us as soon as possible for planning to be carried out before 6 April 2026.**

Transfers (gifts) can be made to:

- **Individuals.** A seven year survival period for IHT applies. There may be Capital Gains Tax (CGT) to consider but this can usually be deferred. However, you will lose control of the asset(s).
- **Trusts.** The same IHT and CGT position applies but you can (jointly with your trustees) retain control of the asset(s).

Trusts are widely used estate planning vehicles but are particularly useful in this situation, in view of the upcoming changes. A trust will, usually, also receive its own £1million IHT allowance for qualifying agricultural and business assets.

It is crucial for planning to be considered during this transitional period allowing, perhaps, larger value gifts to be made than would be the case from 6 April 2026.

There are important considerations when using a trust, but this current time-limited opportunity should not be ignored. Using a trust will allow you to remove assets from your estate which might otherwise generate IHT liabilities under the new rules.

#### **What else can be done?**

Other options to mitigate the IHT burden can be considered, such as life insurance to provide funds towards a potential IHT liability.

#### **Your Wills should be reviewed**

It is also important for holders of these qualifying agricultural and business assets to review their Wills to ensure they are structured to make use of all available reliefs and exemptions. This is particularly relevant bearing in mind the inability to transfer the £1m allowance.