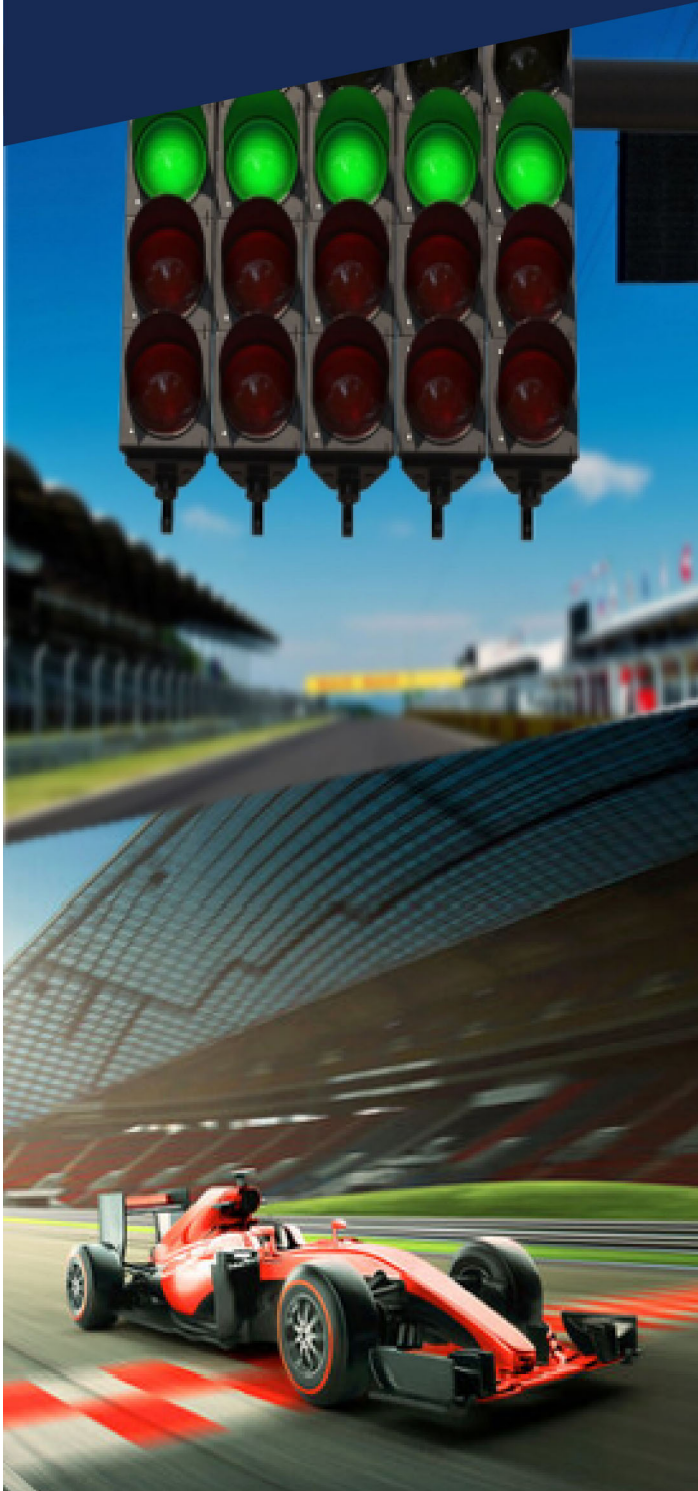


Get Ready, Set, Go For The New Inheritance Tax Rules



New Inheritance Tax Changes

In her Autumn 2024 Budget Statement, the Chancellor announced major changes to the Inheritance Tax ("IHT") rules dealing with Agricultural Property Relief ("APR") and Business Property Relief ("BPR").

- ✓ The existing 100% rates of relief will continue for the first £1 million of combined agricultural and business property. The rate of relief will be 50% thereafter.
- ✓ Whilst agricultural and business property will continue to benefit from 100% IHT relief there is now an important cap. The relief will be limited to £1 million for both agricultural and business property. Importantly property worth greater than this combined cap will only qualify for relief at a level of 50%.
- ✓ This means that IHT will become payable at 20% in circumstances that would not have applied in the past.

The Government announced that it will reform these reliefs from 6 April 2026. That is less than 12 months away.

Timetable over the next 12 months

The full details have not been released but what we currently know is:

- ✓ On 27 February 2025 HMRC launched a technical consultation seeking views on how the proposed £1 million allowance will interact with property settled into trust qualifying for 100% APR or BPR. The consultation will end on 23 April 2025.
- ✓ The government will publish a response document later in 2025. There are currently no indications that a major change in direction is likely. A realistic estimate for the date of publication might be May or June 2025.
- ✓ The next step will be a technical consultation on the draft legislation. It is not clear when this might be, but realistically this might commence in September 2025. The consultation period could last 8 weeks.



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What this means is that owners of private trading companies and farming interests should start the process of reviewing their tax affairs as soon as possible.

Meeting your goals

- ✓ We already know the broad outline of the proposed changes as a result of technical briefing documents released by HMRC. Together with you we can help sketch out the planning steps you need to consider to ensure that your family business and farming interests are protected for future generations.

Owners of family businesses should start the process of reviewing their options as soon as possible.

Planning for the future

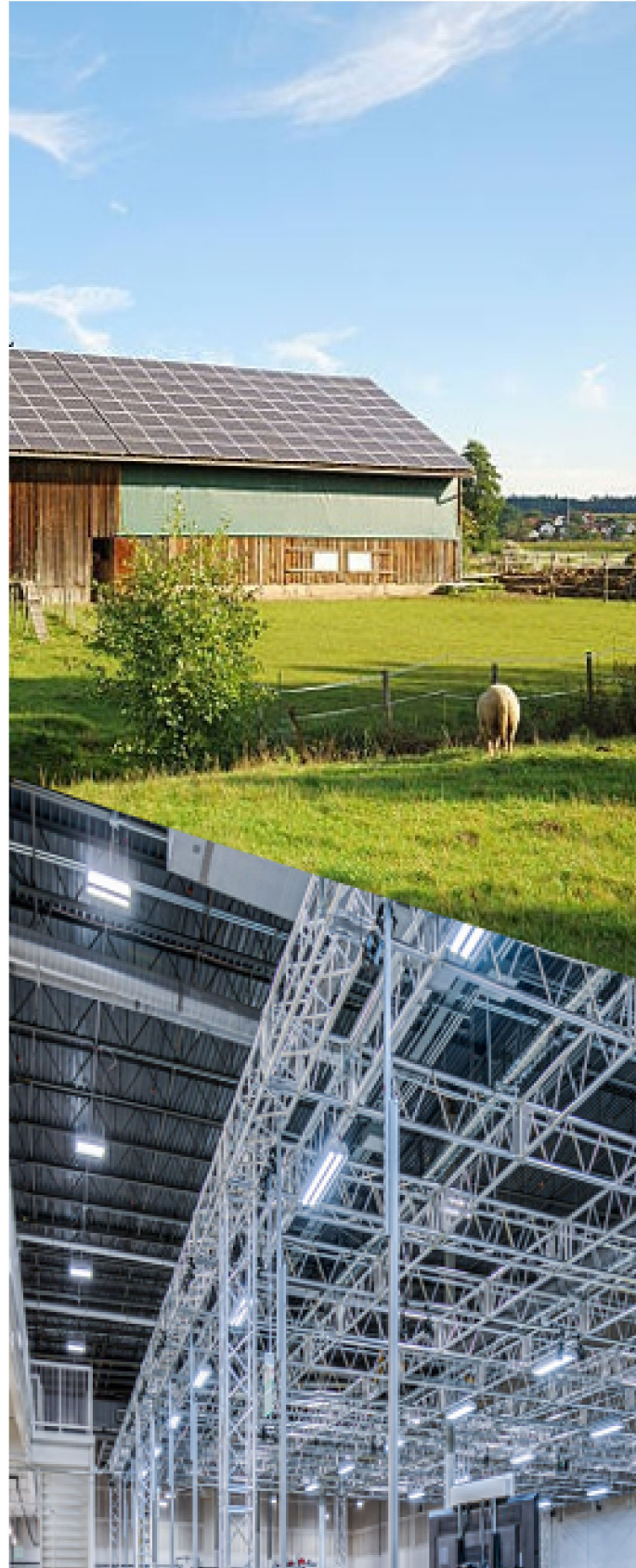
- ✓ It may not prove possible to compress the initial review, planning and any implementation work into the months immediately prior to the start of the new rules in April 2026.

If you want to undertake any planning steps you will need to do so as early as possible and well before the 6 April 2026 deadline.

Issues you will need to consider:

- ✓ How are you going to maximise the available reliefs in your family?
- ✓ How will any future tax costs be met on your death?
- ✓ Do you have a long-term strategy for protecting your family business or farming interests?
- ✓ What changes are needed to your wills?
- ✓ What is the likely impact on any of your family trusts?

If you want to talk about this further please get in touch, our tax team would be happy to help.



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