

STRATEGIC TRUST PLANNING AHEAD OF UK BPR / APR REFORM

IN THE 2024 AUTUMN BUDGET ANNOUNCEMENT (30 OCTOBER 2024), THE UK GOVERNMENT CONFIRMED REFORMS TO BUSINESS PROPERTY RELIEF (BPR) AND AGRICULTURAL PROPERTY RELIEF (APR) FOR INHERITANCE TAX (IHT) PURPOSES.

The changes will take effect from 6 April 2026 and are expected to significantly limit the IHT relief available for qualifying assets. These reforms present a time-sensitive opportunity for individuals and advisers to act before the new rules take effect.

SUMMARY OF CHANGES TO DATE

- > From 6 April 2026, a combined cap of £2.5 million will apply to assets eligible for 100% relief under BPR and APR.
- > Any amount above £2.5 million will only qualify for 50% relief.
- > Any unused allowance can be transferred between spouses on death, thus enabling qualifying assets of up to £5 million in value to be passed on free of inheritance tax.
- > Transfers into trust after 6 April 2026 will be subject to the cap, potentially leading to increased IHT exposure, particularly for family-owned businesses.

RECOMMENDATIONS BEFORE 6 APRIL 2026

- > Seek tax advice to make use of current rules that provide for 100% relief on qualifying assets
- > Review existing estate plans to assess potential exposure under the new regime
- > Consider appointing professional trustees to manage trust strategy and administration

IMPORTANCE OF PROFESSIONAL TRUSTEES

Professional trustees offer a strategic advantage by ensuring:

- > Good governance for the trust, especially where clients lack experience with the duties associated with being a trustee
- > Independence, where multiple family members have an interest in the assets
- > Compliance, ensuring that the reporting obligations are met

HOW WE CAN ASSIST

The planned reform to BPR and APR represents a major shift in UK inheritance tax policy. With reliefs being curtailed from 6 April 2026, there is a limited window to take action. Seeking professional advice on your specific situation and potential available solutions, well in advance of the implementation of the reforms, is strongly recommended.

We have more than 40 years of experience in providing corporate trustee services, and, in particular, owning material or controlling interests in family trading businesses. To discuss how we can help, please contact James Ramsden, British Isles Commercial Director, at jramsden@tridenttrust.com or Nigel Grant, Managing Director of our London office, at ngrant@tridenttrust.com.

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- FUNDS
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