

UPCOMING CHANGES TO BUSINESS TAX RELIEFS

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IMPORTANT TAX CHANGES AFFECTING BUSINESS OWNERS FROM 6 APRIL 2026

Recent Budget announcements have introduced two significant changes that will affect many business owners from 6 April 2026. Both measures could have a material impact on future tax liabilities, so we want to ensure you are aware of them and have sufficient time to plan ahead.

UPDATE TO BUSINESS PROPERTY RELIEF (BPR)

Business Property Relief reduces the value of a business or its assets for Inheritance Tax purposes.

Historically, qualifying trading businesses were generally eligible for 100% relief with no upper value limit. From April 2026, however, BPR will now be capped at **£2.5 million per individual**, increased from the previously announced £1 million limit. This means that for married couples or civil partners, the combined relief will be capped at a maximum of **£5 million per couple**, as the allowance is transferable if unused between spouses.

If the value of your BPR assets exceeds £2.5 million per individual (or £5 million per couple), this change could result in a significant future Inheritance Tax exposure. Early and proactive planning will therefore be key to mitigating this risk.

INCREASE IN BUSINESS ASSET DISPOSAL RELIEF (BADR) TAX RATE

In addition, the rate tax for assets qualifying for Business Asset Disposal Relief (formerly Entrepreneurs' Relief) will increase from 14% to 18% with effect from 6 April 2026. This will increase the tax payable on qualifying business disposals and may affect the timing or structure of any planned sale or exit.

Given the potential impact of these changes, it may be advisable for us to review your current arrangements to identify any planning opportunities and ensure both Inheritance Tax and Capital Gains Tax efficiency are preserved.

If you are contemplating undertaking planning or restructuring before the end of March 2026, it will be vital to start conversations in January, as tax clearances need a minimum of 30 days for HMRC responses, plus it takes time to plan and implement with solicitors and other commercial relationships.

WE CAN HELP

Speak to a member of our team by contacting us on 01753 888211 or emailing info@nhllp.com, and we can discuss the best approach for your situation.