

Autumn Budget 2025

Business Relief Update





Business Relief update

Following on from our Budget Headlines update this week, we wanted to provide a short additional overview of the Chancellor's amendment to the treatment of Business Relief.

Thankfully, from an estate planning perspective, there were no further significant developments to navigate clearly the large part of radical change was announced in the previous Autumn Budget.

Agricultural Relief & Business Relief

From 6 April 2026, agricultural and business property will continue to benefit from the 100% IHT relief up to a limit of £1 million.

The limit is a combined limit for both agricultural and business property. Such assets in excess of the limit will benefit from a 50% relief.

The £1 million limit applies per person and is refreshed every seven years. **From 6 April 2026, this allowance will be transferable between married couples or civil partners.** This will include where the first death was before 6 April 2026.

There may be a further £1 million allowance for trusts in certain situations, but the rules are complex.

The £1 million limits for both individuals and trusts will be frozen until 6 April 2031.

This was seen as a common-sense approach to the previous change on Business Planning Relief, with the statement from the Chancellor to **allow the transfer of 100% relief rules between spouses.**



This does away with some of the planning need around the “use it or lose it” philosophy but **does not negate the requirement for professional business relief planning utilising our beneficiary protection plan (BPT).**

The main reason for doing business planning is still relevant and has not changed from when there was no limit on the 100% business relief.

In simple terms the first spouse/partner to die leaves their business assets (up to the £1m allowance) into a business trust instead of to the surviving spouse/partner absolutely, so that if the business is sold or no longer qualifies for the relief in the future, it is not in the surviving spouse/partner's estate for IHT on their death.