



bright grahame murray  
CHARTERED ACCOUNTANTS

# Fact Sheet

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## Changes to business property relief (BPR)

The proposed cap on full relief from inheritance tax for business owners has spurred conversations about succession planning. If you have not already started discussions, we encourage you to do so now. We can work with you to identify the best solution for your circumstances.

### Planning for the next generation

Succession planning is crucial to any business, and particularly for family-owned businesses. Often, though, inheritance tax has not been seen as an issue because business property relief (aka BPR) provides 100% relief for business owners in most situations. This has allowed business owners to hold onto their businesses until death, and to potentially put off succession planning. The announcement at last year's Budget to restrict BPR means that many owners should act now.

### What are the inheritance tax changes?

From April 2026, full relief under BPR is effectively capped. The cap does not apply to the overall value of the business, but to the value held by each owner. The first £1m of an owner's share of a trading business will still receive 100% relief, with the remainder only receiving 50% relief.

The cap on 100% relief may create a significant inheritance tax liability upon the death of an owner, which could threaten the viability of the business. Many of our clients are therefore looking at how they might mitigate this business risk.

### How we can help you

The best solution will depend on the current and possible future ownership of the business, the type of business, the value of the business and personal preferences.



For example:

- Gifting shares may be a good option where the intention is for the business to remain in the family for the long term. However, if the next generation sell the shares, then the loss of capital gains tax rebasing upon death can result in a larger overall tax charge.
- If a company is owned by a husband and wife, their wills may need to be redrafted to ensure that £1m of their 100% BPR allowance is not wasted.

### Starting the conversation

Although the changes are still several months away, succession planning should never be rushed. We can set out your options and their implications, and help to guide you through the process.

For further information, please contact Aidan Roberson at [aidanroberson@bgm.co.uk](mailto:aidanroberson@bgm.co.uk) or your usual BGM partner.

**Disclaimer:** This information provides an overview of the issues considered and is for general information only. It is not intended to provide advice and should not be relied upon in any specific transaction.

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