

Beneficiary Planning with Business Relief

Business Relief (BR) allows for certain investments to be left to beneficiaries inheritance tax free (IHT) after 2 years of holding them, provided the shares are held at the time of death. Unlike gifting the investor can retain control over the investment and the BR shares only need to be held for 2 years to qualify for IHT exemption.

The Problem :



- Simon is 49 and his father Lawrence is 78. Lawrence has accumulated £800,000 in liquid assets as well as the property and now has a significant IHT liability
- Simon knows his father wants him to inherit so he can pay off his mortgage and help Lawrence's grandchildren with school and University fees
- However Simon is also aware that his father could live for a long time and does not want his father to give his assets away or lose control of his capital
- Lawrence is fiercely independent and so Simon avoids discussing IHT given his concerns about his father's future access to capital

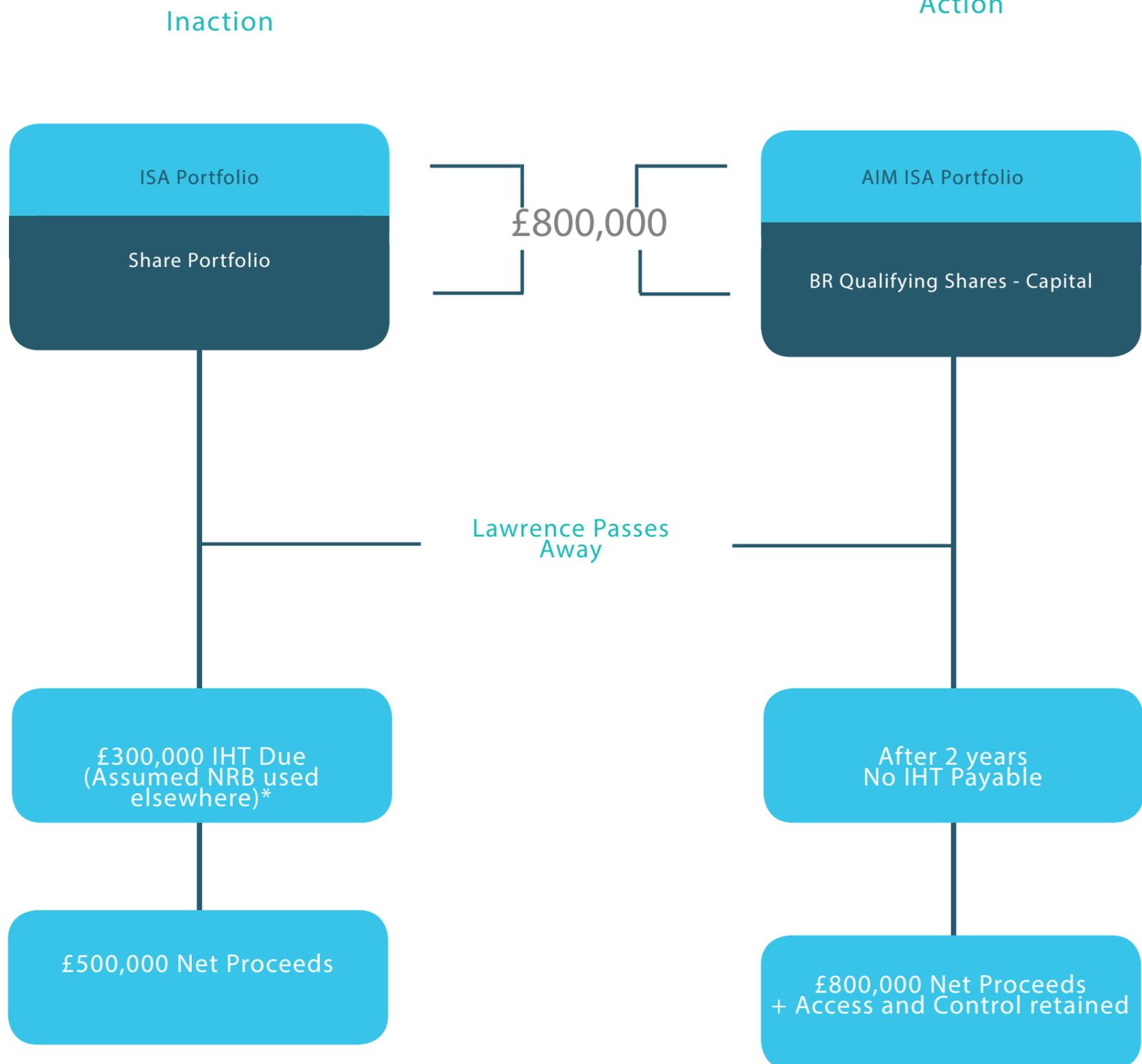
The Solution :

- Lawrence has always invested in shares and has a large ISA Portfolio as well as a significant investment portfolio
- Simon's adviser discusses the IHT options with him and suggests BR assets could be utilised
- Simon likes the idea as this merely involves switching/realigning some of his ISAs or Share Portfolio into BR qualifying shares. Simon initially gives his father an AIM ISA brochure and then arranges a meeting for Lawrence with his financial adviser
- Lawrence is excited by the potential of AIM and is pleased he can maximise the inheritance for the benefit of his grandchildren and Simon. Lawrence is comfortable as he still owns the shares, has access and control over the the progress of his investments





Lawrence



For this tax planning idea, we assume that Lawrence's Nil Rate Band of £325,000 has been used elsewhere.

Important Information

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