

Business Property Relief

There are many different reliefs against Inheritance Tax. One of these is Business Property Relief (BPR). You may be able to get BPR on assets that do not qualify for Agricultural Property Relief (APR), and it works by reducing the value of a business or its assets when working out how much Inheritance Tax must be paid. For more information on APR, please see the information sheet.

Any ownership of a business, or share of a business, is included in the estate for Inheritance Tax purposes. You can get Business Relief of either 50% or 100% on some of an estate's business assets, which can be passed on whilst the owner is still alive or as part of the will.

What qualifies for the relief, and at what rate?

You can get 100% relief on:

- a business or interest in a business; and
- shares in an unlisted company.

You can get 50% Relief on:

- shares controlling more than 50% of the voting rights in a listed company;
- land, buildings or machinery owned by the deceased and used in a business they were a partner in or controlled; and
- land, buildings or machinery used in the business and held in a trust that it has the right to benefit from.

The donor must have owned the assets for at least 2 years, and to qualify, the recipient must keep the assets until the original owner passes away.

You can't claim on an asset if it:

- also qualifies for Agricultural Relief;
- wasn't used mainly for business in the 2 years before it was either passed on as a gift or as part of the will; or
- isn't needed for future use in the business.

How to claim relief

As the executor of the will or administrator of the estate, you can claim BPR when you are valuing the estate. You can only get relief if the deceased owned the business or asset for at least 2 years before they died.

Business Relief is not only applicable when the donor has died. As long as they qualify, assets can be passed on whilst the donor is alive and still qualify. The asset can be replaced with something of equal value if it is for business use.

It is important to note that any gift made more than 7 years before the donor's death does not count towards their estate for inheritance tax purposes.