

The times they are a-changin'

Whether it's the eventual impact of Brexit in whatever form it does, or doesn't, take or a general election with a possible change of government, the times are indeed changing. In the words of Bob Dylan, "keep your eyes wide, the chance won't come again" – and this may be your last opportunity to plan for certain eventualities.

Set against a backdrop of annual budgets and changes in the political environment, the tax landscape is forever in a state of flux. However, certain aspects of our tax system seem particularly vulnerable to change at the moment and this bulletin highlights several areas where it is possible to plan ahead with some careful thought. If you would like to discuss the contents of this bulletin, please get in touch with your usual contact at Meridian, or one of the contributors to this bulletin.

Inheritance tax relief for business assets

by Vicki Bennett, partner



The radical reform to our inheritance tax system has been mooted for some time now, possibly with the introduction of a new annual wealth or property tax. Regardless as to the ultimate outcome, it seems quite likely that the coming years will see changes to the current relief for qualifying

business property which can provide an effective exemption from inheritance tax. Given that shares in a private company can be a relatively illiquid asset, the prospect of a 40% charge to inheritance tax on their full value is not attractive.

In 2006 the tax regime for trusts was changed to limit what could be added to a lifetime trust free of inheritance tax. Up to that point, many families used trusts to hold large parts of their wealth and to pass this down the generations without undue tax charges and, often more importantly, largely protected from the financial and marital position of the beneficiaries.

Nowadays, it is much harder to

transfer such significant amounts into trust, often limited to an amount equivalent to the inheritance tax nil rate band of £325,000 per person or £650,000 for a couple. However, shares in private trading companies or other assets qualifying for 100% business property relief, can still be transferred tax free into trust regardless as to their value. There are also potential opportunities to enhance a family's entitlement to entrepreneurs' relief.

This is a golden opportunity which may not be with us for much longer if Bob Dylan is proven right and the times are indeed a-changin'.

