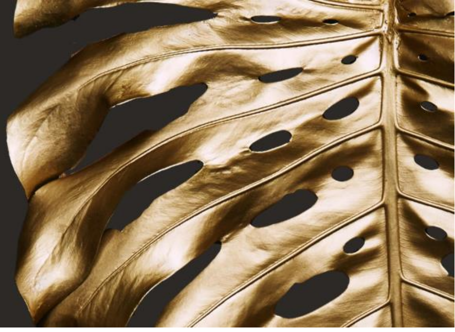

INVESTMENT QUORUM
UNIQUE, BOUTIQUE WEALTH MANAGEMENT

Business Property Relief

Background

The main aim of Business Property Relief (BPR) was to protect family-owned businesses and enable them to carry on trading after the death of the owner without an inheritance tax (IHT) liability. This initial aim grew over time as a reflection of governments encouraging individuals to invest in trading businesses regardless of whether there was a family connection.

What kind of business qualifies for BPR?

BPR will typically be available for:

- Shares in an unquoted qualifying company, even a minority holding
- Shares in a qualifying company listed on the Alternative Investment Market (AIM)
- An unincorporated qualifying trading business, or an interest in one – a partnership, for example.

It is worth noting that investors can now hold AIM-listed shares within an Individual Savings Account (ISA) wrapper.

What are the key benefits of BPR?

Speed
An investment in a BPR-qualifying company can be passed down to beneficiaries free of inheritance tax on the death of the shareholder provided it has been held for at least two years at that time.

Access and control

Owning BPR-qualifying shares allows a client's wealth to stay in their own name and can be accessed at any point.

BPR-qualifying investments do not use the nil-rate band

Investing in BPR-qualifying investments leaves the nil-rate band open for other estate planning products, such as Trusts.

Ownership period

To qualify for business property relief an asset must have been owned for a minimum of two years.

It is worth noting that where a widow(er) inherits business property on the death of their spouse/civil partner, the surviving spouse's ownership period is deemed to commence when the deceased spouse acquired the asset.

If the asset is transferred to a spouse when both partners are alive, the spouse will not qualify for relief until they've personally owned the asset for two years.

Due to the interspousal exemption, it could be more tax efficient for the spouse to inherit non-BPR-qualifying assets and for children to receive BPR-qualifying assets.

What are the risks?

Capital risk

Investments in companies could fall in value, and investors may get back less than they invest.

To qualify for BPR, a company must not be listed on a main stock exchange.

Tax risk

Tax rules could change in the future. The value of tax reliefs will depend on an investor's personal circumstances. There cannot be any guarantee that companies that qualify today will remain BPR-qualifying in the future.

More volatile and less liquid

Investments in unquoted companies or those quoted on AIM can fall or rise more sharply than shares in larger companies listed on the main market of the London Stock Exchange and may be harder to sell.

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