

TAXES ON CAPITAL ASSETS

Capital Gains Tax (CGT)

As we head into 2025/26, it should be remembered that, for most sales of capital assets, CGT will apply at 18% for basic rate taxpayers and 24% otherwise. **The Business Asset Disposal Relief (BADR) rate of CGT for eligible business disposals will increase from 10% to 14%, with a further uplift to 18% planned for 6 April 2026.**

Particularly in relation to business disposals, timing is important, so please do talk to us about optimising your tax position prior to any capital disposal.

IHT reliefs for business owners and farmers

The government is continuing with its plans to reform IHT agricultural property relief (APR) and business property relief (BPR) from 6 April 2026, with a consultation process underway on the particular impact when using trusts.

Relief of up to 100% of asset value is currently available on qualifying business and agricultural assets. From 6 April 2026, it is proposed that the 100% relief will apply on up to £1 million of combined agricultural and business property, with the relief reducing to 50% on the value that exceeds £1 million.

Another April 2026 change will reduce the BPR available on AIM shares and similar from 100% to 50%.

Care is needed when planning for these changes, as the rules are not yet certain and even gifting before 6 April 2026 will not necessarily achieve the desired effect. Please do talk to us about how best to organise your estate with business or agricultural assets.