

For professional advisers only and  
not to be relied upon by individuals

The following flowchart provides an indication of whether assets can potentially benefit from business property relief (BPR) for inheritance tax purposes.

This document is for guidance only. Law and HM Revenue & Customs practice may change at any time. This flowchart is based upon our understanding of both, as at 1<sup>st</sup> August 2005. Whilst every care has been taken to ensure the accuracy of this information, Friends Provident cannot accept any responsibility.



# Business Property Relief (BPR)

A qualifying business is broadly one of a trading or professional nature (i.e. not an investment or property company)

Reduces the net value of relevant property in a qualifying business which has been owned for a minimum period

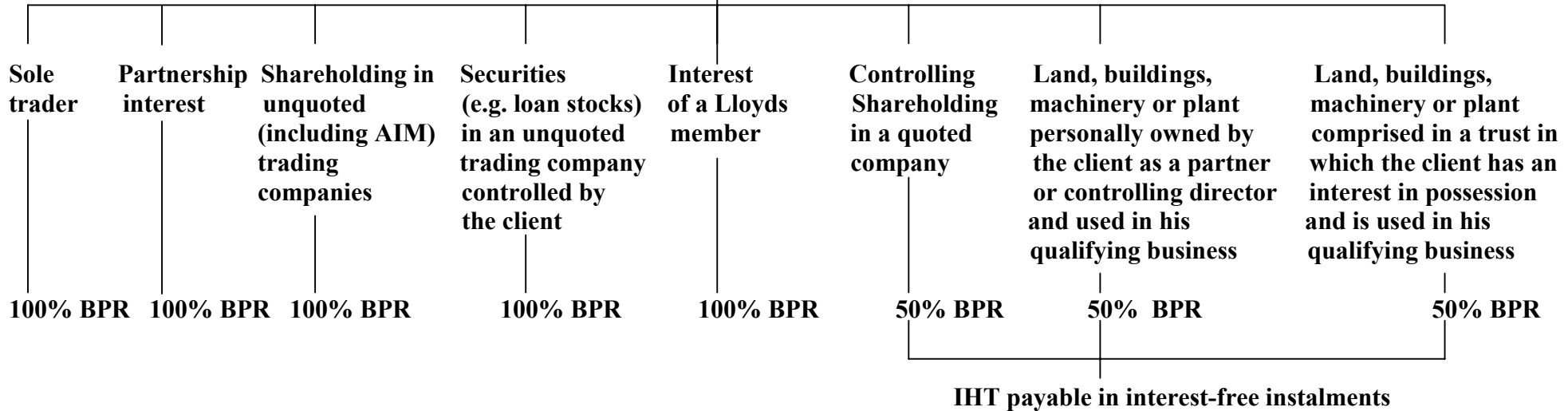
Assets neither used for business purposes nor needed for future business use are disregarded when valuing relevant property for IHT.

- Special rules apply to
- holding companies
  - property inherited from a deceased spouse
  - replacement property
  - gifted property
  - property subject to a secured loan
  - property held under an A&M or discretionary trust

- Client must have owned the relevant business property throughout the last 2 years
- The relevant business property must not be subject to a binding contract for sale (e.g. a buy and sell agreement)

Examples are:

- holdings of investments
- excessive cash reserves
- property let to third parties
- assets (e.g. yachts and houses) used for personal benefit of partners and directors or their families
- assets not used in the business throughout the past 2 years



**Note: This summary is based on Friends Provident's understanding of current legislation and Inland Revenue practice and acts solely as a guide to the eligibility of business assets to BPR. Exact entitlement to this relief can only be determined by the client's professional advisers.**