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SUMER
NORTHERN IRELAND

Inheritance Tax: What Recent & Future Changes Could Mean for your Estate



Inheritance Tax (IHT) Changes

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Inheritance Tax (IHT) continues to be a key consideration for individuals and families planning for the future. With recent changes which came in from April 2026 and further changes expected from April 2027 and inheritance tax thresholds remaining frozen, more estates are likely to be affected in the coming years.

Understanding how IHT works, what has changed recently and what is changing in the future, and how different assets are treated can help you take a more informed approach to estate planning.

The Current Inheritance Tax Position

Inheritance Tax is generally charged at 40% on the value of an estate above certain allowances. Most individuals benefit from:

- The standard nil-rate band (£325,000)
- An additional residence nil-rate band (£175,000) in some circumstances
- Spouse or civil partner exemptions
- Charitable exemptions

With property values and other assets continuing to rise, estates that previously fell outside the scope of IHT may now be closer to - or exceed - these thresholds, particularly as allowances are frozen until at least 2030.

What has Changed from April 2026?

From April 2026, there are changes to Business Property Relief (BPR) and Agricultural Property Relief (APR). BPR and APR are inheritance tax reliefs that can reduce the inheritance tax due on qualifying business or agricultural assets when someone passes away.

Prior to 6 April 2026, qualifying assets attracted up to 100% relief from inheritance tax, regardless of value. This allowed business owners and farmers to pass on their business or farming to the next generation tax-free, allowing them to keep the business or farm operating without having to take any steps in their lifetime to plan for succession other than making a Will.

From 6 April 2026, the 100% relief is replaced with a £2.5 million allowance that will apply to the combined value of assets for BPR and APR. The first £2.5 million will remain tax free and anything

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over this threshold will receive a 50% relief.

Furthermore, an un-used BPR and APR out of the £2.5 million allowance can be passed to a surviving spouse or civil partner on death.

Before the changes, 100% relief applied to AIM and EIS holdings that had been owned for a qualifying period, so that if you held AIM or EIS shares for two years you could then pass those on with no IHT liability.

From April 2026, the relief is reduced to 50%, but the two-year qualifying period will be abolished. What this means is that in effect AIM or EIS shares will be taxed at 20% on the shareholder's death.

Importantly the £2.5 million allowance to business owners and farmers does now apply to AIM and EIS shares.

What's Changing from April 2027?

From April 2027, proposed reforms will broaden how inheritance tax applies to certain assets that have historically sat outside the estate for IHT purposes. The aim is to create greater consistency in how wealth is taxed on death and to limit the use of specific structures purely for inheritance planning.

As a result, some estates could see an increase in their overall taxable value, potentially leading to higher inheritance tax liabilities for beneficiaries.

Why These Changes Matter

Inheritance tax planning is rarely about a single asset. It typically involves a combination of property, savings, investments, business interests and long-term financial arrangements,

Changes to how individual assets are treated could have a knock-on effect on:

- The total taxable value of an estate
- The availability of allowances and reliefs
- The timing and amount of tax payable
- How and when wealth is passed to the next generation

For families who have structured their affairs based on long-standing rules, these reforms may require a fresh review.

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Who May be Affected?

The changes are likely to be most relevant for individuals who;

- Have estates approaching or exceeding current IHT thresholds
- Own multiple or high-value assets
- Have undertaken estate planning some time ago and not reviewed arrangements recently
- Intend to pass significant wealth to the next generation

Even where no immediate inheritance tax charge is expected, the changes may affect longer - term planning decisions.

Increased Administration After Death

Alongside changes in how assets are taxed, there will also be additional reporting obligations after death. Executors and personal representatives may face more detailed valuation and disclosure requirements, increasing both the time and complexity involved in administering an estate.

Reviewing your Estate Planning

We would recommend early planning to provide clarity and peace of mind. Reviewing your estate now allows time to consider whether your arrangements remain appropriate and aligned with your intentions.

This may include:

- Reviewing how different assets are held
- Checking beneficiary arrangements
- Considering available allowances and reliefs
- Ensuring plans are up to date with current legislation

Professional advice can help you understand how the evolving IHT landscape may affect your estate and what steps, if any, could be taken.

Speak to Our Team

If you would like to discuss inheritance tax planning or review your current position, our team can help you navigate

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