



**Helping you understand
Business Relief
investments**



What are Business Relief (BR) Investments?

Business Relief (BR) investments are assets that may qualify for relief from **Inheritance Tax (IHT)** after they have been held for **at least two years** at the time of death. These investments are typically classified as **high-risk**, as they involve investing in unlisted or specialist UK trading businesses.

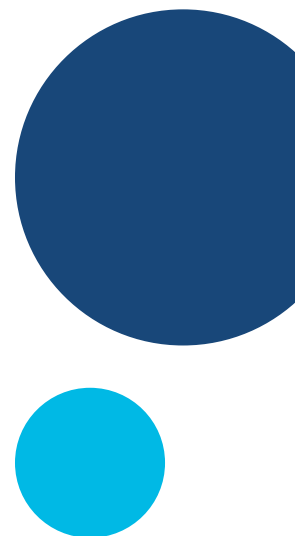
They were originally introduced by the government to encourage investment into UK trading businesses. Today, BR investments are commonly used within estate planning to help reduce the value of an estate that could otherwise be subject to IHT at 40%.

Why use a BR investment?

BR investments can deliver two potential benefits:

1. **The potential for investment returns**, which may be higher than traditional cash or lower-risk assets.
2. **Inheritance Tax (IHT) protection**, with qualifying investments potentially excluded from your estate after two years.

For most clients, the primary objective is typically the **IHT planning benefit**, rather than maximising investment growth.





How do BR investments work?

When you invest into a BR portfolio, your money is used to buy shares in, or lend to, qualifying UK trading companies. These are typically unlisted businesses that meet HMRC's criteria for BR eligibility.

Most modern BR services are structured as discretionary portfolios or managed services, meaning:

- A professional investment manager selects and manages the underlying companies.
- Your investment is diversified across several qualifying businesses.
- The portfolio is monitored to maintain BR eligibility where possible.

Unlike gifting strategies, you **retain ownership and access** to the investment, although liquidity can vary.

How do BR investments help with Inheritance Tax?

If the investment qualifies for BR and has been held for **two years**, its value can be excluded from your estate for IHT purposes.

This means:

- The investment may pass to your beneficiaries free from IHT.
- The two-year qualifying period is shorter than many alternative strategies (e.g. gifting).
- You retain access to the investment during your lifetime.

However, BR eligibility is not guaranteed and depends on the investment continuing to meet HMRC rules at the time of death.

Some providers also offer an **insured option**, which is typically more expensive but can provide life assurance designed to cover any potential Inheritance Tax liability during the initial two-year qualifying period. This can help mitigate the risk of death occurring before the investment has fully qualified for Business Relief.

What types of assets do BR portfolios invest in?

While each provider has its own approach, BR portfolios typically invest in a range of UK trading businesses and real assets, such as:

- **Renewable energy projects** (e.g. solar, wind, battery storage)
- **Infrastructure and long-income assets** (e.g. fibre broadband, energy efficiency projects)
- **Property-backed lending and secured finance**
- **Social housing or specialist accommodation**
- **Forestry, agriculture, and environmental projects**
- **Private trading companies across various sectors**

Many providers aim to diversify across several asset types to balance risk, liquidity, and long-term stability.



Key considerations

While BR investments can be effective for estate planning, they are not suitable for everyone and are generally classed as high-risk investments. Important factors include:

- Capital is at risk and returns are not guaranteed, meaning you could lose some or all of your investment.
- Investments are typically in unlisted or specialist assets, so liquidity may vary and it may take longer to access your money when required, potentially taking several months.
- These investments may not benefit from the same level of regulatory protection as mainstream investments if things go wrong.
- FCA guidance suggests that most investors should not allocate more than 10% of their overall assets to high-risk investments (see <https://www.fca.org.uk/investsmart/understanding-high-risk-investments>).
- You should not invest funds that you may need to rely on for future income, emergencies, or essential expenditure.
- BR qualification depends on HMRC rules and may change.
- These strategies are generally most appropriate for long-term planning, rather than short-term needs.



In summary

Business Relief investments can provide a way to:

- **Reduce potential Inheritance Tax liabilities.**
- **Retain access to capital during your lifetime.**
- **Invest in a diversified portfolio of UK trading businesses and real assets.**

They are commonly used as part of a broader estate planning strategy alongside pensions, trusts, and gifting.



0800 077 8807

hello@intelligentpensions.com

www.intelligentpensions.com

Cadell House
27 Waterloo Street
Glasgow
G2 6BZ