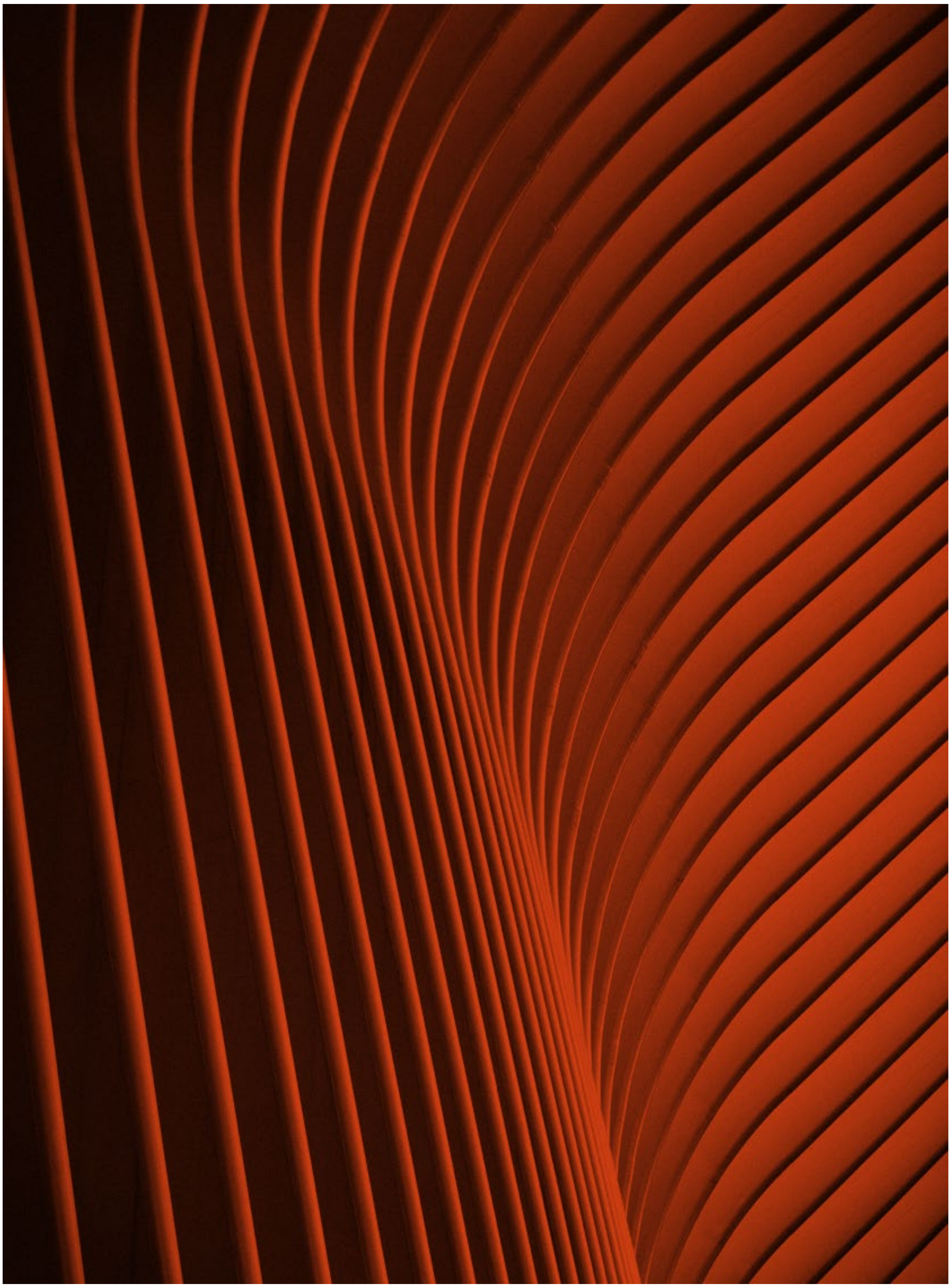
Tax planning for entrepreneurs



Mishcon de Reya

It's business. But it's personal.

Introduction

Tax has been subject to many changes in the last year, with further changes coming in 2026 and 2027. For "non-doms", the changes have been significant already. For those with business interests, the biggest inheritance tax changes are yet to come.

Entrepreneurs, whether based in the UK or internationally, must consider how to plan or adapt to those changes - for themselves, their business, and those who inherit business interests. Solutions may be as simple as preparing Wills or may involve restructuring the business or how they hold it.

Inheritance tax changes

From April 2026, the 100% relief from inheritance tax under Business Property Relief (BPR) (and Agricultural Property Relief (APR)) will be capped at a combined value of £1 million. Any qualifying assets valued at over £1 million will instead only attract a 50% relief. There are no transferable allowances between spouses.

Many are taking action with lifetime gifting or restructuring into appropriate trusts or family investment companies. All options require careful thought and understanding of the entrepreneur's wishes for their shares, the company and their family.

Non-dom changes

For those entrepreneurs (and family members) who are internationally mobile, the UK tax regime seismically shifted in April 2025.

There is no more remittance basis charge or "domicile" concept. Instead, new arrivals into the UK may be able to utilise the Foreign Income and Gains (FIG) Regime and elect to pay no UK income tax or CGT on elected FIG for their first four years of UK tax residence. Individuals who previously claimed the remittance basis may be able to benefit from the Temporary Repatriation Facility (TRF) to allow them to remit designated pre-6 April 2025 unremitted FIG at reduced tax rates (12% for tax years 2025/26 and 2026/27 and 15% for 2027/28, compared to 45% and 24%).

In relation to trusts, there is no more "protected trust status" or "excluded property trust status". For settlor interested trusts, the trustees and the settlor (as well as beneficiaries) may, in some circumstances, become liable to more UK tax and reporting obligations.

International business changes

If key persons in a company relocate to/from the UK, the company's UK corporation tax liability may, in turn, change, as its corporate tax residence position may change, or a permanent establishment may be created. The company's worldwide corporate tax position must be considered, alongside matters such as VAT, withholding tax and employment taxes.

The following links may provide some insight into some of the issues discussed above:

— Tax Aware Publications

— Our short video briefings on the non-dom changes

We are uniquely placed to be able to assist on both the personal and business tax planning sides of such matters. For further guidance, please contact Nicola Simmons.

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This brochure is intended only as a general statement of the law and no action should be taken in reliance on it without specific legal advice.

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