

CASE STUDY

Stellar talks tax



**Moving from an AiM IHT
Service to an Asset-Backed
IHT Service**

For investment professionals only

Meet Kieran and Iona

Kieran and Iona invested £500,000 jointly in a portfolio of AiM-listed Business Relief (BR) qualifying assets three years ago. They wish to maintain their 100% relief from IHT after the changes to the BR rules come into effect on 6 April 2026.

Kieran and Iona are in their seventies, and their financial adviser has recommended that they review their existing inheritance tax (IHT) investments to maximise their children's inheritance.

Their adviser informs them that their taxable estate is worth £3 million, which would mean a significant IHT liability of £940,000 after their nil-rate bands have been deducted.

They have been successfully invested on AiM for the past three years, growing their capital to £600,000, however, they are concerned that they are going to lose 50% of this relief from 6 April 2026 when the new tax rules relating to BR come into effect.

Initially they were looking at trust-based planning, but they were dissuaded by the 20% CLT for trusts over £325,000, as well as the periodic 6% charges. They were considering gifting £1 million to a trust, which would have meant an upfront charge of £200,000.

Their priority is wealth preservation, and they ideally want to avoid paying a 20% tax charge; especially as there is a possibility that their beneficiaries would have to pay further tax on their estate.

Further tax would be due if Kieran and Iona are not able to survive the seven years required for gifts to be free from IHT. Their adviser suggested that if they were to transfer their capital to an asset-backed BR investment, they could retain their existing full exemption from IHT (up to an investment value of £1m each) and later review the situation to decide whether they wish to transfer their qualifying assets into a trust without being liable to the CLT charge.

They are aware that they can continue to hold the assets free from IHT outside a trust and retain ownership, access and control during their lifetimes.





Our Solution

Stellar is a specialist in BR solutions and offers a range of services that allow investors to invest their capital into qualifying business assets. As Richard and Jennifer were invested jointly through a General Investment Account (GIA) wrapper, the qualifying cash was able to be transferred from one BR-investment to another without resetting the two year clock.

Kieran and Iona chose to invest in The Stellar ITS Service, because Stellar seeks wealth preservation and capital growth. The target net capital growth is higher than other BR providers and The Stellar ITS Service offers greater diversification of asset classes, offering security for their investment. This ensures that their £600,000 investment will remain fully relieved from IHT post 6 April 2026, provided it is held until death.



Get in touch

We're here to help

Investors

We recommend you speak to a Financial Adviser in the first instance, as we cannot offer investment or tax advice.

If you have any other questions please contact us on 020 3195 3500 or email us at enquiries@stellar-am.com

For further information, please visit www.stellar-am.com

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