



2025 Budget Impact



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The Chancellor announced no new headline inheritance tax ('IHT') measures in this year's Budget.

We are disappointed that the industry's engagement with HM Treasury on the previously announced change of relief on AIM-quoted companies fell on deaf ears. However, we will continue to push for change that improves this short-sighted anomaly.

Therefore, the amount of IHT relief available to investors in our Services remain as they were prior to the Budget.

The Stellar Family Trading Companies Service

The Stellar ITS

Any deaths whilst holding an investment in these Services after 6 April 2026 will result in the first million pounds of investment attracting full relief of 40% and any sums invested in excess of £1 million attracting 20% relief.

The Stellar AIM IHT Service

Any death in this Service after 6 April 2026 will attract relief of 20% on any sums invested.

What was announced in relation to IHT?

Firstly, the nil-rate band has been frozen for a further year – to 5 April 2031.

Much like the changes to income tax announced in the Budget, this measure will continue to drag more people into the scope of IHT simply

by having assets increasing by inflation. The government forecasts IHT receipts to continue to grow reaching a staggering £14 billion in 2030.

IHT planning and use of Business Relief is simply too significant to ignore.

Secondly, and more welcome, any unused £1 million allowance for the full rate of agricultural property relief and business property relief will be transferable between spouses and civil partners, including if the first death was before 6 April 2026.

Lastly, and only applicable to a unique audience, the government said it would introduce a cap of £5 million IHT payable on certain property trusts. This would only apply to trusts valued at around £85 million.

Other measures announced which impact our trading businesses

We are all aware of announcements such as increased minimum wage and increased income tax, through the freezing of income thresholds, on top of last year's increase in National Insurance ('NI') contributions. All businesses continue to be squeezed, but at least now the uncertainty is over and we can move forward without speculation or conjecture.

We welcome the news on extending business rate relief for hospitality businesses and we hope that Scotland will follow suit when it announces its spending plans.

We also welcome the continued improvements in planning policy to facilitate development in a timely and cost-effective manner.

Other tax matters

The government announced that the income tax relief available for a subscription to a Venture Capital Trust ('VCT') has been reduced to 20% (from 30% currently) from next tax year. This aligns it with the income tax relief available from an Enterprise Investment Scheme ('EIS').

In return, the Budget announced measures to increase the size of the companies in which EIS or a VCT may invest and obtain this relief – a near doubling of the test will see more companies having access to this pool of capital. Whether VCT investors will allocate capital to this market to the extent they have been remains to be seen.

Now we all know the new rules, we can plan accordingly. We look forward to working with you in the coming weeks and months. If you have any questions, please contact our Business Development or Client Services teams on 020 3195 3500.



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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