

For professional advisers only. Not to be relied upon by retail investors.

Clients who could benefit from investments that qualify for Business Property Relief (BPR)

At Octopus, we've been helping people make tax-efficient investments since 2000. This document contains examples of client situations where a BPR-qualifying investment could be of interest. Nothing should be taken as investment advice or recommendation.

Client scenario	Potential solution for clients with an appropriate risk profile
Clients who want access and control e.g. for care fees	Clients retain access to 100% of their BPR-qualifying investment and can make regular withdrawals if needed (subject to liquidity being available).
Clients who need a fast inheritance tax solution	Investments in BPR-qualifying shares will be exempt from inheritance tax after just two years, provided they are still held at the time of the investor's death.
Clients with a Power of Attorney in place	BPR-qualifying investments may be a suitable investment where gift or trust transfers are restricted or prohibited under Court of Protection rules.
Business owners looking to exit	Clients disposing of a BPR-qualifying business can reinvest some or all of the proceeds into new BPR-qualifying shares within three years and benefit from immediate relief from inheritance tax on their new investment.
Clients with large ISA portfolios	Transferring ISAs into an ISA that is invested in BPR-qualifying shares enables inheritance tax exemption on the ISA portfolio after two years.
Clients looking to settle assets into trust	Settling BPR-qualifying investments into trust does not incur a 20% lifetime charge.
Clients with an Immediate Post Death Interest (IPDI) trust	Property from an IPDI trust forms part of the estate of the life tenant when they pass away. If the trust invests in BPR-qualifying shares, the investment will be exempt from inheritance tax after two years and the life tenant's nil-rate band can be used against other assets in their estate.
Clients looking to qualify for a Tier 1 (Investor) visa	BPR-qualifying shares are likely to be qualifying investments for the purposes of obtaining a Tier 1 (Investor) visa.

The tax-efficient investments offered by Octopus are considered high risk.

- The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest.
- Tax treatment depends on individual circumstances and could change in the future. Tax reliefs depend on portfolio companies maintaining their qualifying status.
- The shares of smaller companies could fall or rise in value more than other shares listed on the main market of the London Stock Exchange. They may also be harder to sell.

How can Octopus help you?

We have lots of materials to assist you with identifying clients who could benefit from an investment that qualifies for BPR, including six detailed planning scenarios. The products offered by Octopus Investments are not suitable for everyone. Any recommendation should be based on a holistic review of your client's financial situation, objectives and needs. We do not offer investment or tax advice. We recommend investors seek professional advice before deciding to invest.

Inheritance Tax Service For the use of professional advisers only and not to be relied upon by retail clients.



Clients who require access to their investment

Clients may be reluctant to relinquish control over their assets during their lifetime, given that costs such as care home fees can arise suddenly and unexpectedly. This example explains how clients can retain control of their wealth while also planning to minimise inheritance tax.

octopusinvestments

Inheritance Tax Service For the use of professional advisers only and not to be relied upon by retail clients.



Clients with a power of attorney in place

Where a lasting power of attorney is in place, the ability to make gifts is very limited without approval from the Court of Protection. In many circumstances, giving away assets during the grantor's lifetime would not be considered as in their best interests. This can make it difficult to plan for passing on wealth tax-efficiently. In this tax planning scenario, we look at a way to plan for the future by investing in shares that qualify for Business Property Relief. As with any investment in shares, they remain the property of the investor.

octopusinvestments

Inheritance Tax Service For the use of professional advisers only and not to be relied upon by retail clients.



Clients who've sold a business in the last three years

Clients who own their own company may find themselves having to sell the business for a number of different reasons. If health is a concern, but it's also increasingly likely that the client's children have no wish to keep running the family business. While the family business could be passed on to beneficiaries free of inheritance tax, if the client sells the business in advance, they will have behind an inheritance tax liability. In this example, we show how a client who has chosen to sell his company could invest the proceeds with the aim of reducing the inheritance tax bill likely to be due on their estate.

octopusinvestments

Inheritance Tax Service For the use of professional advisers only and not to be relied upon by retail clients.



Settling assets into trust

A lifetime transfer of assets into a discretionary trust is a 'chargeable lifetime transfer'. It can immediately trigger a charge of 20% on the amount settled in excess of the client's nil-rate band, which could deter most clients. This example explains how clients could reduce or eliminate this charge if they settle shares that qualify for Business Property Relief (BPR) into trust.

octopusinvestments

Inheritance Tax Service For the use of professional advisers only and not to be relied upon by retail clients.



Clients with a loan trust in place

With a loan trust, any investment growth on the capital lent to the trust will be reported to HMRC outside the client's estate for inheritance tax purposes. However, the amount of the original loan remains subject to inheritance tax when the client dies. This example explains why investments that qualify for Business Property Relief (BPR) may be interesting to clients with a loan trust.

octopusinvestments

Octopus All Inheritance Tax ISA For the use of professional advisers only and not to be relied upon by retail clients.



Clients who want an inheritance tax-efficient ISA

An Individual Savings Account (ISA) offers valuable tax benefits during someone's lifetime, but is still subject to inheritance tax along with the rest of the person's estate. This example explains how clients can make the most of their inheritance tax trap without losing ISA tax benefits or control over their assets.

octopusinvestments



Untangling inheritance tax

An Octopus guide

octopusinvestments
A brighter way

◀ Also available is our retail-friendly guide to untangling inheritance tax

Find out more

To discuss these inheritance tax planning scenarios and learn more about our products and services, call our Business Development Managers on **0800 316 2067** or email salesupport@octopusinvestments.com. For other helpful tax planning tools and ideas, please visit [octopusinvestments.com](https://www.octopusinvestments.com).