Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CLEVER CHECKLISTS · No. 09 · GAINS, PROPERTY AND ESTATES

Business Property Relief (BPR) Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

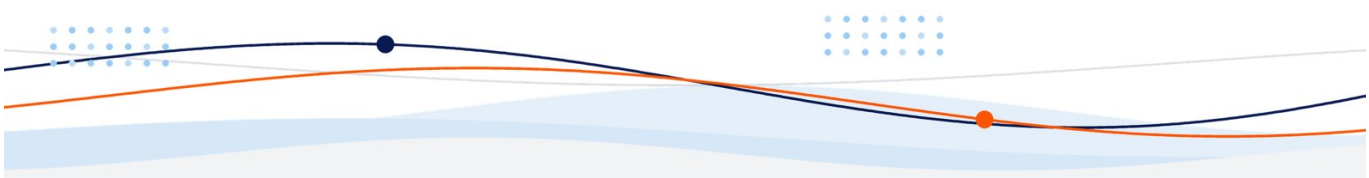
Business property relief can cut inheritance tax on qualifying business assets. From 6 April 2026 the 100% relief applies to the first £2.5m of combined business and agricultural property, with 50% above it. The business must be mainly trading, owned for two years, and free of excepted assets.

THE KEY FIGURES

2026/27 figure	Amount
100% relief allowance (BPR and APR combined)	£2.5m
Relief above the allowance	50%
Qualifying period	two years of ownership
Trading test	wholly or mainly trading (over 50%)
AIM and listed shares	50% relief from 6 April 2026

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Does the business pass the wholly or mainly trading test?**	Over 50% trading, judged on turnover, profit, assets and time. A mixed business is tested as a whole.	Accounts, activity analysis
☐	**Is the £2.5m allowance applied once across all relief?**	It covers business and agricultural property together. Anything above it gets 50% relief. Review gifting plans around it.	Estate valuation
☐	**Are excepted assets excluded?**	Cash and investments not needed for the business are excepted. They get no relief.	Balance sheet, business plan
☐	**Is the share type right?**	Unquoted shares qualify. AIM shares get 50% relief from April 2026. Listed shares only qualify with control.	Share certificates, valuation
☐	**Have you owned it for two years?**	Replacement rules can help if you swapped one business for another.	Purchase documents
☐	**Are holiday lets or rental properties assumed to qualify?**	Usually they are investment. BPR needs substantial services, and the courts have been strict.	Service records, time logs



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MY PRO TIP

a company that mostly lets property rarely qualifies. Check the mix.

A worked example

A trading company's shares are worth £4m and there are no excepted assets. The first £2.5m qualifies for 100% relief. The other £1.5m gets 50% relief, so £750,000 is chargeable. At 40% that is £300,000 of inheritance tax before nil-rate bands. Under the old rules the bill would have been nil.

The trap to avoid

Assuming a property portfolio with no services is a trading business. HMRC treats it as investment and denies relief. In Pawson v HMRC the holiday lettings failed the trading test.

The case that matters

Pawson v HMRC [2013] UKUT 50: holiday lettings were held to be mainly investment, so business property relief was refused.

Test your accountant

One question that tells you if you have the right adviser:

Does my business qualify for BPR today, and what does the £2.5m allowance mean for my estate?

What has changed recently

- Relief is now 100% only up to £2.5m of combined business and agricultural property, with 50% above.
- AIM shares get 50% relief from 6 April 2026.
- Relief for furnished holiday lets does not change the investment position. See the holiday lettings checklist.

Questions I get asked

What is the BPR allowance from April 2026?

£2.5m of combined business and agricultural property gets 100% relief. Value above that gets 50% relief.

Do I qualify for BPR if I run a property business?

Only if it is mainly trading, not investing. Letting property is usually investment. Substantial services may change the answer.

Is BPR automatic?

No. It must be claimed, and you need evidence on the trading test and the two-year ownership.

Do AIM shares still qualify?

Yes, but at 50% rather than 100% from 6 April 2026.

The 9 CAD Keys link: Differentiation

Differentiation here means being a real, operating business, not a pile of assets. Trading substance is what earns the relief.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

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Tick these next

Tax checklist 08
Inheritance Tax Checklist 2026/27: Nil-Rate Bands and Gifts

Tax checklist 10
Agricultural Property Relief (APR) Checklist 2026/27

Tax checklist 20
Furnished Holiday Lettings Checklist After Abolition

Tax checklist 27
Business Sale, Exit and Succession Tax Checklist 2026/27

Go deeper: my books

For this topic, start with **Inheritance Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Test your business, then test your accountant.

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Scan to read online, tick it on screen and take the Scorecard



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