

🕒 ADVISORY

Succession planning

Pass the business to the next generation on your terms, with the tax planned. The options, the key 2026/27 figures and a practical timeline.

Start earlier than you think

A well-planned succession usually takes several years. It involves the family as well as the business: who will run it, who will own it, what the outgoing generation needs to live on, and how to be fair to children who are not in the business.

Your options

ROUTE	HOW IT WORKS	KEY TAX POINTS
Pass to family	Shares gifted or sold to the next generation, often in stages	Gift holdover relief can defer capital gains tax on trading company shares. Business relief may reduce inheritance tax
Growth or freezer shares	Future growth passes to children; parents keep current value and control	Little tax at the outset if the shares are valued properly
Management buy-out	Your management team buys the company, often with bank or investor funding	Capital gains tax on the sale; business asset disposal relief may apply
Employee ownership trust	A controlling stake is sold to a trust for employees, paid from future profits	Since 26 November 2025, only 50% of the gain is exempt from capital gains tax
Trade sale	The company is sold to a third party	Capital gains tax; deal structure such as earn-outs affects timing

Key figures for 2026/27

Business asset disposal relief	18% on up to £1m of lifetime gains
Capital gains tax	18% / 24%
Business relief (inheritance tax)	100% on the first £2.5m of business and farm property per person; 50% above
Unused business relief allowance	Transferable between spouses
Inheritance tax rate	40%
Paying inheritance tax on business property	Up to 10 annual interest-free instalments

FROM APRIL 2027

Most unused pension funds will count towards the estate for inheritance tax, changing many existing succession plans.

The questions to answer

- ☐ Who will run the business, and are they ready?
- ☐ Who will own it? Are the owners and the managers the same people?
- ☐ What income do you need once you step back?
- ☐ How will you treat children who are not in the business fairly?
- ☐ What happens if you die or cannot work tomorrow? Consider wills, lasting powers of attorney, the shareholders' agreement and insurance
- ☐ Do the articles of association support your plan?

A practical timeline

- 01 **Clarify goals** and hold the family conversations early.
- 02 **Value the business** and review its structure, including property and surplus cash.
- 03 **Put protections in place:** wills, powers of attorney, agreements and insurance.
- 04 **Develop the next generation** or the management team.
- 05 **Transfer ownership** in stages, using the reliefs available.
- 06 **Hand over control**, with a clear role for the outgoing generation.

The advisers around the table

ADVISER	ROLE IN THE SUCCESSION
Accountant and tax adviser	Valuation, structure, tax on each route, and the timing of transfers
Solicitor	Share transfers, articles, shareholders' agreement, wills and powers of attorney
Financial planner	Retirement income, pensions and wider family wealth
Insurance broker	Key person and shareholder protection cover

We coordinate the advice so the tax, legal and personal plans fit together.

PLANNING POINT

Surplus cash and investments held inside a trading company can restrict business relief and business asset disposal relief. Review the balance sheet well before any transfer, as reorganising it takes time.

TALK TO A PARTNER

Thinking about the next generation?

We help families plan ownership, remuneration and succession, and we coordinate with your solicitor and financial planner. You deal directly with Doug Murphy or Stephen Thompson, not a rotating account team.

[Book a discovery call →](#)

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