

CASE STUDY

Estate planning for clients who are selling or have sold a business



**PUMA
INVESTMENTS**

OVERVIEW

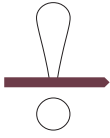
While shares in a business can be passed to beneficiaries free of inheritance tax, if a client sells their business, they lose that exemption. Investments that qualify for Business Relief (BR), offer a way for clients who have sold shares in a business in the last three years, to invest the proceeds in an asset that should immediately qualify for inheritance tax relief, as long as still held on death.

For investment professionals only,
not to be read as tax advice.



Meet Sheila

Aged 68



The problem

A year ago Sheila, aged 68, sold her IT business that she had built up over 20 years, in order to retire. Sadly her husband died three years ago. Since the business sale completed, she has been able to spend the extra time with her grandchildren that she had been longing for. Sheila was delighted with her business sale, which netted her £1.6 million.

Sheila decided to take some of the proceeds from the sale to spoil her three children and five grandchildren, and she plans to do some travelling with her twin sister at some stage in the future. She had a health scare five years ago that required a serious operation, and her doctors have told her that she might not live for much of her eighth decade.

Sheila has realised that she needs to plan for the worst. In particular, she is keen to leave as much of the proceeds of the business sale as possible to her children and grandchildren, without them having to pay more inheritance tax (IHT) than they need to. As Sheila is not confident of living another seven years, her adviser has said that traditional forms of estate planning, such as gifts and trusts, are not sensible options.

When Sheila still owned her IT business, her shares in it would have qualified for Business Relief. If she had died prior to selling the business, the shares would have passed down to her beneficiaries free from any IHT liabilities. However, since she sold the business, the money she received is no longer free from IHT. Sheila owns some other valuable assets, such as her house.



The solution

The good news for Sheila is that she has a 36-month window following the business sale, during which the proceeds of the sale can be invested back into a BR-qualifying investment and immediately gain the zero-rated status for IHT.

Sheila's adviser assessed her needs and objectives, appetite for risk and capacity to bear losses, and deems her suitable for an investment that qualifies for Business Relief.

Sheila has decided to follow the recommendation of her financial adviser and invest £1 million into the Puma Heritage Estate Planning Service (EPS), which invests in private trading companies that qualify for Business Relief. Usually an investment in Puma Heritage EPS takes two years to become BR-qualifying, however, because of the 36-month 'replacement relief' rule, Sheila's investment will be IHT-exempt from day one, assuming that she still holds the investment at the point of death.

Sheila's adviser makes it clear that Business Relief investment is not without risk.

An investment in Puma Heritage EPS carries risk and may not be suitable for all investors. An investor can only apply to subscribe for shares in Puma Heritage EPS through a Financial Adviser who has assessed that a subscription is suitable for them. Any decision in respect of suitability should be based on a holistic review of client objectives, needs and risk profile. It is intended, but not guaranteed, that a subscription for shares in Puma Heritage EPS will benefit from inheritance tax relief, provided the shares have been held for at least two years prior to and at the point of death. Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change.



Without BR Investment

Sheila leaves **£1.6 million** in a non-BR-qualifying investment account



Sheila passes

- £640,000
Inheritance tax due

£960,000
Left to pass on at death

With BR Investment

Sheila invests **£1 million** into a BR-qualifying investment



Sheila passes

- £240,000
Inheritance tax due on the remaining £600,000

£1,360,000
Left to pass on at death



Sheila's children

This example is for illustration purposes only and should not be read as advice. For the purpose of this scenario, the nil-rate band and residence nil-rate band have been used by other assets, no investment growth or losses are assumed, and Sheila is assumed to be fully invested in BR-qualifying companies.

Please note from 6 April 2026, the first £1 million of BR qualifying assets per individual that are held for at least two years (and at the point of death) will continue to attract full IHT relief, with the excess over £1 million attracting a reduced rate of relief of 50% of the IHT 40% rate (ie: an effective IHT rate of 20%).

Get in touch

We're here to help

Contact us on 020 7408 4070,
email businessdevelopment@pumainvestments.co.uk
or visit www.pumainvestments.co.uk

RISK FACTORS

An investment in Puma Heritage EPS carries risk and may not be suitable for all investors. For more information please see below and visit www.pumainvestments.co.uk.

Past performance

Past performance is no indication of future results and share prices and their values can go down as well as up.

Tax reliefs are not guaranteed

Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change.

Long-term investment

An investment in the Service should be considered a long-term investment.

You may lose money

An investment in smaller companies is likely to be higher risk than other investments. Investors' capital may be at risk and investors may get back less than their original investment.

Potentially illiquid investment

Shares in private trading companies are illiquid. It may prove difficult for investors to realise immediately or in full proceeds from the sale of such shares.

Cassini House
57 St James's Street
London SW1A 1LD

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