



INSIGHTS

Planning for exit – Why April 2026 changes make tax structuring more urgent than ever.

An IPO or trade sale is a transformational event in the life of any business owner. It represents the culmination of years of effort, and the beginning of an equally important new phase for you, your family, and your company.



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Alongside the commercial and operational challenges, ensuring your tax affairs are structured correctly can make a significant difference to the outcome. The right planning can protect value, reduce risk, and provide flexibility for your future. The wrong approach — or leaving things too late — can limit options and create unexpected costs.

And today, timing matters more than ever. With major UK tax reforms scheduled from April 2026, the window for certain planning opportunities is closing fast.

Why plan early?

Tax structuring is most effective when started well in advance of a liquidity event. We typically advise entrepreneurs to begin planning at least 2 years before exit.



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Key reasons include:

- ▶ **Clarity on exposure** – Understanding how your shareholdings will be taxed, including base cost history and eligibility for reliefs.
- ▶ **Flexibility** – Preserving the option to de-risk (bank some cash) versus reinvesting in a new structure - potentially rolling over an element of gain and deferring the tax.
- ▶ **Improving the tax costs on exit** – Corporate structures such as holding companies (PICs or FICs discussed below) together with HMRC clearance applications can support a smoother transaction from your current venture to the next.
- ▶ **Team motivation** – Reviewing and refining share option schemes to ensure alignment at exit.
- ▶ **Philanthropy** – Timing charitable donations to optimise position - obtaining relief from both capital gains tax as well as gift aid on the value of any shares donated to a UK registered charity.

April 2026: The "cliff edge" for Business Property Relief (BPR)

One of the most powerful planning tools currently available to entrepreneurs involves transferring shares into a trust while they still qualify for Business Property Relief (BPR). This allows unlimited value to be settled into trust without immediate inheritance tax charges, provided the shares qualify.

Trust structuring remains highly beneficial for a number of reasons. Trusts can allow the senior generations to retain control of assets such as shares in the family business, but without them being exposed to the 40% IHT charge on death. In addition, trusts:

- ▶ provide long-term governance and succession planning;
- ▶ ring-fence family assets for future generations;
- ▶ protect wealth in the event of divorce or creditor claims; and
- ▶ deliver controlled access to capital for designated beneficiaries such as children and/or grandchildren.

However, this opportunity to put unlimited business assets into trust will end on 5 April 2026. From that date, the BPR rules change — and the ability to transfer unlimited shares into trust free of inheritance tax will disappear. For many business owners, this could mean inheritance tax charges running into many millions of pounds that could otherwise have been avoided.

For many entrepreneurs, this change represents a once-in-a-generation chance to implement meaningful succession and asset protection planning before a business sale or IPO.

THE MESSAGE IS CLEAR: IF YOU ARE CONSIDERING A TRANSACTION IN THE NEXT FEW YEARS AND A TRUST MIGHT BE PART OF YOUR INHERITANCE TAX MITIGATION STRATEGY, IT IS VITAL THAT YOU ACT NOW WHILE THE CURRENT RULES STILL APPLY.



Residence and relocation

Where you plan to live and work after exit is equally important. If you remain UK resident, your worldwide gains will be taxed here. If you relocate abroad, your gains may cease to be subject to UK tax although there are a number of pitfalls to be aware of.

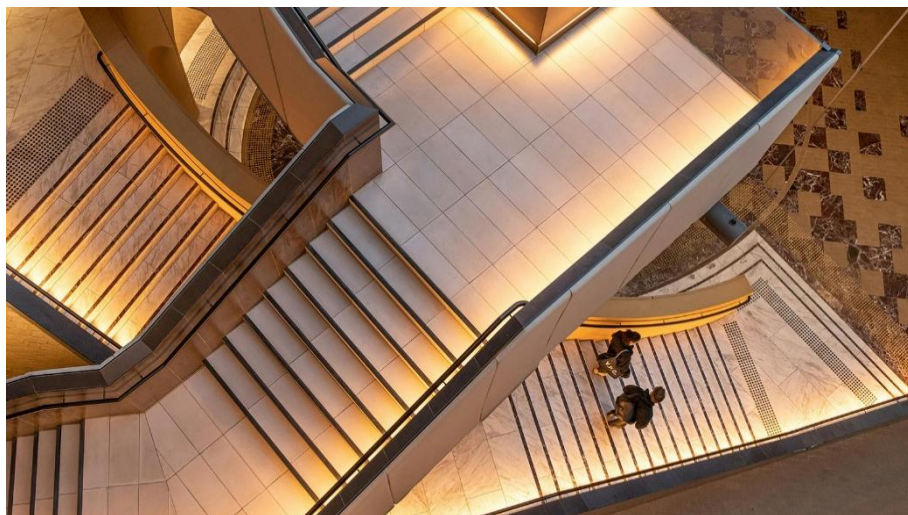
Where a non-resident retains ongoing links to the UK — such as board roles or frequent visits — these need to be carefully mapped against the UK's various taxing provisions. Early analysis can avoid unwelcome surprises later.

April 2025: The end of "non-dom" based IHT planning.

Another major change took place earlier in the year. Since 6 April 2025, exposure to UK tax is now determined solely by residence — not by domicile.

Previously, non-UK domiciled individuals could shelter non-UK income gains from UK income tax and capital gains tax. That opportunity, including associated planning, such as the use of protected trusts has now been abolished.

However, there are now Inheritance Tax mitigating opportunities for any UK domiciled entrepreneurs who plan to emigrate, which weren't present previously and any ex-pats in this position should be reviewing their planning – particularly if they have family in the UK who are set to inherit wealth.



Corporate structuring options

For some shareholders, introducing a new holding company — subject to HMRC clearance — can create tax efficiencies. In certain circumstances, this may allow access to the Substantial Shareholding Exemption (a relief that can make certain corporate sales free of tax at the company level) and support tax-free exits, as well as potentially mitigating future UK inheritance tax.

Similarly, **Family Investment Companies (FICs)** and **Personal Investment Companies (PICs)** remain valuable vehicles for post-exit wealth

management. They allow wealth to be preserved and grown in a controlled, flexible, and tax-efficient way.

Incentivising your team

No exit succeeds without a motivated management team. Reviewing EMI or other share option schemes ahead of a transaction is vital. Early action ensures your key people are aligned and incentivised, reducing the risk of disputes or demotivation during the sale process.

One option that should always be considered – although it may not be appropriate in many cases – is to form an Employee Ownership Trust (EOT). The big tax advantage



this offers is the potential for shareholders to ‘cash out’ of the company without attracting any capital gains tax charge.

The value received on forming an EOT will be based on a formal valuation of the shares and there is always the potential risk that this is less than what might be received on a more traditional exit – this is also not appropriate for businesses where the succession is planned within the family, although provided the conditions are met it is still possible for a business owner to remain involved and hold up to 49% of the shares.

Final thoughts

Every entrepreneur’s journey is unique. But one theme is constant: the earlier you start planning, the more options you keep open. With April 2026 introducing profound changes to the UK’s tax landscape for business owners, the window for certain strategies is narrowing.

At Trident Tax, we specialise in guiding entrepreneurs and business owners through this complexity. We provide clarity and reassurance, and we work seamlessly alongside corporate finance advisers, accountants, lawyers and bankers to ensure every aspect of an exit — corporate and personal — is fully prepared. Together, we can help entrepreneurs achieve the best possible outcome.

If you are contemplating an IPO, trade sale, or other liquidity event, now is the time to act.

Want to know more?



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