

A modest inheritance tax charge on business assets migh...

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The usual nonsense spouted by so-called professional tax advisers, who are nothing more than right-wing shrills in most cases, continues to fill the pages of newspapers in reaction to the Budget.

As the [FT notes](#) this morning:

Rachel Reeves' move to limit inheritance tax relief on business property sounds a "death knell" for family businesses in the UK and undermines the government's growth agenda, entrepreneurs and their advisers have warned.

Business relief has existed for decades in various forms and allows privately held companies and shares in Aim-listed groups to be passed between generations without inheritance tax being levied.

This is total nonsense.

First of all, the vast majority of small, family businesses only last a few years at most. That's just their natural life cycle.

Secondly, most of those that survive a relatively long time (like Tax Research LLP, which publishes this blog) have marginal worth at best for inheritance tax purposes, and an allowance of £1 million will cover any potential tax charge with an enormous margin to spare.

Third, and this may come as a surprise to those making all this noise, most owners have retired and sold up long before the question of an inheritance tax bill arises.

Fourth, most parents are not so controlling that they demand that their children take over the family firm.

Fifth, it's usually very bad news for a business if the next generation does take over. Look at Trump, Murdoch, the Daily Mail and Succession for all the evidence you need on that.

And sixth, why do we think it so vital that the ownership of businesses should not be diversified to bring in necessary new blood and skills as they grow over time, which is what this tax charge will encourage?

Bluntly, I think this is a non-issue at best.

I also think the new allowance, which involves a halving of the tax rate on business assets of above £1 million, is far too generous, especially with respect to AIM shares, where this allowance should simply have gone.

And to claim this is the death knell of family business is so absurd the FT should not have belittled themselves by saying so.