



OUR SERVICES

# Business Relief

Business property relief is available if someone inherits or is gifted business assets e.g. shares in a trading company, the assets of a business and/or property used by these businesses, including farming assets.

The relief works by reducing the taxable value of a gift or inheritance to only 10% of actual value. For example, if a business is worth €1m, only €100,000 is taken into account for tax purposes. This is a tax saving of €297,000 on every €1m of business asset value.

The relief is available whether you transfer the business while you are alive or under the will once the conditions are met.

If it is unlikely that the conditions of Agricultural Relief will be met by a family member, an alternative is to set things up so that they instead qualify for business property relief. This works the same as agricultural relief in that only 10% of the assets passing are within the scope of tax, which is a 90% tax saving.



The relief is available whether you transfer the business while you are alive or under the will once the conditions are met.

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An interest in a business, or a trading company or group must transfer; the relief does not apply to investment assets or investment businesses.

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The assets transferring must have been used in the business for 2 years prior to an inheritance, or 5 years prior to a gift.

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The assets must continue to be used for the trade for 6 years after the transfer; if the assets are used for a non-business purpose (e.g. the property is rented out or developed) a clawback will arise.

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In the case of the trading company, the shares in the company must be transferred so that the person receiving the shares either controls the company or, together with their relatives, controls 25% of the company. Alternatively, they must own 10% of the company and have been a fulltime employee of the company.

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The shares must have been owned by you for 2 years prior to an inheritance, or 5 years prior to a gift.

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If the shares/business is sold within 6 years, or the company pivots into a business that does not qualify for the relief (e.g. investment or property development) the proceeds have to be reinvested in another business within 12 months to avoid a clawback of the relief

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The property transferred with the shares in the company must be retained and not sold for a period of 6 years after the gift/inheritance. This holding period is extended to 10 years in the case of property with development potential.

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### How do you claim Business Relief?

You must file an IT38 return if you are claiming business relief on a gift or inheritance. This applies even if the total taxable value of previous benefits when added to the taxable value of the current benefit qualifying for the relief, does not exceed 80% of the relevant threshold.