succession, tax and wills: some guidance

EAMONN KING & CO
A MEMBER OF THE LAW GROUP

Client briefing · Autumn 2026 · inheritance tax, farms, trusts, wills and powers of attorney

Northern Ireland and Ireland

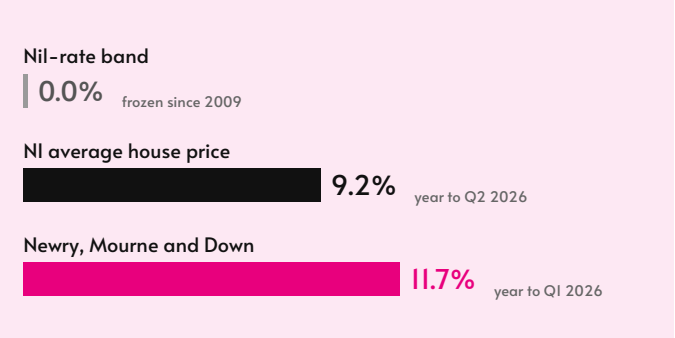
Three things have changed the ground under families in 2026. Farm and business reliefs are now capped, pensions join the taxable estate in April 2027, and the tax-free thresholds stay frozen until 2031 while property keeps climbing. This briefing sets out, in plain terms, what that means and what you can do about it.

The allowances at a glance

Allowance or rule	Figure	What to know
Nil-rate band	£325,000	Frozen since 2009, and now until April 2031. Unused band passes to a surviving spouse.
Residence nil-rate band	£175,000	Only where a home passes to children or grandchildren. Lost by £1 for every £2 the estate exceeds £2m.
Farm and business relief at 100%	£2.5m	Per person from 6 April 2026, transferable to a spouse. Above that, relief is 50%, an effective 20% tax rate.
Spouse or civil partner	unlimited	Gifts between spouses are exempt, subject to domicile and residence rules.
Rate on death	40%	36% if 10% or more of the net estate goes to charity.
Pensions	April 2027	Most unused pension funds will count towards the estate.
Annual gift exemption	£3,000	Plus regular gifts out of surplus income, and small gifts of £250.
Irish CAT, child (Group A)	€400,000	Lifetime threshold per child. Tax at 33% above it, paid by the beneficiary.

Frozen thresholds, rising homes

A frozen allowance loses ground every year that property rises. Over the past year alone, the gap has widened sharply.



The average Northern Ireland home now costs £202,487. A family with a home, some land and a pension can pass £2 million sooner than they expect, and at that point the residence allowance starts to disappear.

House prices: Land and Property Services, NI House Price Index, Q1 and Q2 2026.

Couples

With both spouses' allowances, a married couple can pass up to £1 million, including the family home, and potentially £5 million or more of qualifying farm or business property, free of inheritance tax. But only if the wills are drafted to capture every allowance.

Our view

Most of the tax we see paid could have been reduced with planning done five or ten years earlier. The best time to review your will is while nothing is urgent.

Agricultural and business property relief after April 2026

Farmers and business owners still have two powerful reliefs, but since 6 April 2026 full relief applies only to the first £2.5 million of qualifying property per person. The rest gets 50% relief. How your property qualifies, and under which relief, now matters more than ever.

	Agricultural property relief (APR)	Business property relief (BPR)
What it covers	Agricultural land, farm buildings and a farmhouse of a "character appropriate" to the land	A trading business or an interest in one, including a farming business run as a trade, and unquoted trading company shares
Value relieved	Agricultural value only. Development or "hope" value is not covered	Full market value of business assets, which can include value above agricultural value
Time test	Occupied by you for farming for 2 years, or owned for 7 years if farmed by someone else	Owned for 2 years
Land let in conacre	Usually available, provided the 7-year ownership test is met	Usually not available, because letting is treated as investment rather than trading
Watch out for	The farmhouse test is strict and is often challenged by HMRC	Businesses mainly holding investments, including lettings, do not qualify. AIM shares get 50% only

Why we often look to BPR first

- Where a farm is run as a genuine trading business, BPR can relieve the full value, including the premium a site with planning potential commands.
- APR stops at agricultural value, which can be well below open market value near a town or road.
- A documented farming partnership, with accounts and the next generation involved, strengthens a BPR claim.

Five practical steps for farming families

- Obtain formal valuations that split agricultural value from open market value.
- Record who farms the land, and on what terms: in hand, partnership or conacre.
- Keep the farmhouse visibly at the heart of the farming operation.
- Review wills and who owns what, so a couple can use both allowances, up to £5 million of qualifying property.
- Consider handing over sites or land during your lifetime, with CGT holdover relief, after taking advice.

Your asset checklist

please complete and return before your meeting

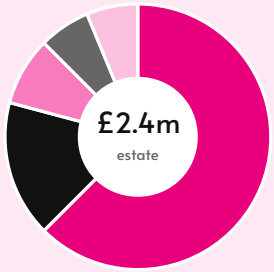
Asset	Owner you/spouse/ joint	Value £ or €	Where NI/ROI/ other
Your home			
Farmland and buildings (acres)			
Other land, sites or rentals			
Business or company shares			
Machinery, livestock, stock			
Bank, savings and investments			
Pensions (nominated? Y/N)			
Life cover (in trust? Y/N)			
Less mortgages and debts			

Name _____ Date _____

Return to 31 Main Street, Castlewellan, or scan and email it to us.

A worked example

A farmer who never married, so has no spouse's allowances to inherit, dies after April 2027 and leaves everything to the children. The figures are illustrative and simplified.



- Farmland £1,500,000
- Farmhouse £400,000
- Pension £200,000
- Savings £150,000
- Machinery and stock £150,000

Step	£
Farmland, farmhouse at agricultural value (£280,000), machinery	1,930,000
Less 100% APR and BPR, within the £2.5m allowance	(1,930,000)
Farmhouse value above agricultural value	120,000
Pension, now inside the estate	200,000
Savings	150,000
Less nil-rate band	(325,000)
Residence band lost, as the estate of £2.4m exceeds £2m	0
Tax at 40% on £145,000	58,000

Two things cost this family money: the pension coming into the estate, and the residence allowance being lost to the £2 million taper. Both can be planned for. Tax on farm or business property can also be paid in ten interest-free annual instalments, so land need not be sold in a hurry.

Using trusts and gifts to protect what you have built

What is a discretionary trust?

You transfer assets to trustees, who hold them for a group of beneficiaries, such as your children and grandchildren. No beneficiary owns a fixed share. The trustees decide who benefits, when and by how much, guided by a letter of wishes from you.

That flexibility is the point. Assets in a well-run discretionary trust do not belong to any one beneficiary, so they are far better protected if a child divorces, runs into debt or is not ready to manage money.

Where trusts help most

- Keeping a farm or business together for the next generation, whatever happens in their marriages.
- Providing for a vulnerable or disabled family member without affecting their benefits.
- Second marriages, where you want to provide for a spouse but protect children from an earlier relationship.
- Holding assets for young children until they are old enough.
- Using lifetime allowances now, so growth in value happens outside your estate.

How trusts are taxed

Charge	How it works
Entry	Lifetime transfers above your available nil-rate band are taxed at 20%. Qualifying farm and business property can go in with 100% relief, within your allowance.
Ten-year charge	Up to 6% of the value above the nil-rate band every ten years.
Exit	A proportionate charge when assets leave the trust.
Relief allowance	Each trust has its own £2.5m allowance for 100% relief, refreshed every ten years.
Capital gains	Gains on gifts into a discretionary trust can usually be held over, so no CGT is paid at transfer.

Beating the freeze

Because the nil-rate band refreshes every seven years, a couple can each place £325,000 in trust now and again seven years later. Any growth in value then builds up outside both estates, however high prices climb.

Lifetime gifts and the seven-year rule

Outright gifts to individuals are free of tax if you survive seven years. If you die sooner, the gift uses up your nil-rate band first. Any tax on gifts above it reduces on a sliding scale:

Years between gift and death	Tax rate
Under 3	40%
3 to 4	32%
4 to 5	24%
5 to 6	16%
6 to 7	8%

Keep using the £3,000 annual exemption and, if your income allows, make regular gifts out of surplus income. These are exempt immediately, but only with good records.

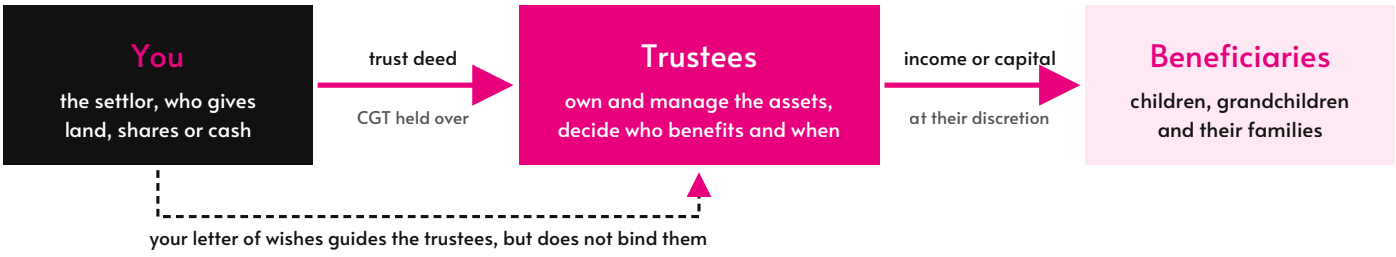
The trade-off: capital gains tax

Assets you keep until death are revalued for CGT, so your family inherits at current value. A lifetime gift can trigger CGT now unless holdover relief applies. Give away a field today and you may save 40% inheritance tax, but pay CGT instead. This is why every gift needs figures behind it.

Northern Ireland practicalities

- Trusts must be registered with HMRC's Trust Registration Service.
- An inhibition can be registered at Land Registers of Northern Ireland to protect trust land.
- Plan who replaces the trustees, and give trustees clear powers to sell, borrow and reinvest.
- If you own property in the Republic, or your children live there, Irish CAT applies separately, and trusts can attract Irish discretionary trust tax.

How a discretionary trust fits together



Step by step

Making or updating your will and enduring power of attorney in Northern Ireland

Your will

1 First meeting
Your family tree, your wishes, and any concerns about particular family members, farms or businesses.

2 Schedule of assets
Land, home, farm, business, pensions and their nominations, insurance, savings, and anything in the Republic or abroad. Note what is jointly owned, as that may pass automatically to the survivor.

3 Choose executors
Usually two, who are organised and trusted, and who will get on. Add a reserve.

4 Guardians and trustees
Guardians for children under 18, and trustees to hold money for children or in a will trust.

5 Tax review
Valuations, relief claims, both spouses' allowances, Irish CAT, and whether any lifetime gifts or trusts make sense now.

6 Draft will and letter of wishes
Plus any trust deed. We send drafts with a plain-English note to review.

7 Signing
You sign in front of two witnesses, both present at the same time. A witness, or their spouse, must not be a beneficiary, or their gift fails.

Your enduring power of attorney

A Choose attorneys
One or more people you trust to manage your property and finances. Decide whether they act jointly, or jointly and severally so any one can act.

B Set any limits
You can restrict the power, for example over the family farm, or require accounts to be kept.

C Sign the prescribed form
Made under the Enduring Powers of Attorney (NI) Order 1987. You and each attorney sign before a witness. Northern Ireland does not use the English lasting power of attorney.

D Keep it safe
It can be used straight away if you wish, and continues if your capacity fails.

E Registration
If you are becoming mentally incapable, your attorneys give notice to you and your relatives and register the power with the Office of Care and Protection.

Why it matters

Without an EPA, nobody, including your spouse, can automatically deal with your money or land if you lose capacity. The family then faces a controller application to the court, which is slower and costlier.

Then: store and review. We hold the originals in our strongroom. Review both documents every five years, and always after a change in your life.

Review your will when...

- You marry. In Northern Ireland, marriage revokes an existing will unless it was made with that marriage in mind.
- You separate or divorce. Divorce does not revoke a will, but gifts to a former spouse fail. Separation alone changes nothing.
- A child or grandchild is born, or a beneficiary or executor dies.
- You buy, sell or transfer land, a farm or a business.
- You move across the border, or acquire assets abroad.

Questions to bring to your meeting

- Who should run the farm or business, and who should own it?
- Should anything be held in trust rather than given outright?
- Is your home held as joint tenants, and is that still right?
- Have you updated your pension nomination forms?
- Who would you want to care for your children?
- Are there funeral wishes or gifts to charity to include?

Eamonn King & Co Solicitors

31 Main Street, Castlewellan, BT31 9DQ · T +44 28 4377 1049
A member of The Law Group

The law is rarely one size fits all. While the same legal principles apply, every case turns on its own facts. This guide is reviewed and updated as the law and tax rules change. This briefing is general guidance based on the law and allowances in force at Autumn 2026. It is not advice on your circumstances, and tax rules change. Please take advice before acting. Figures in the worked example are illustrative only.

THE LAW GROUP
INCLUSIVE LEGAL SERVICES