NEXUS

PROTECTING YOUR WEALTH AND YOUR FUTURE

ISSUE 7



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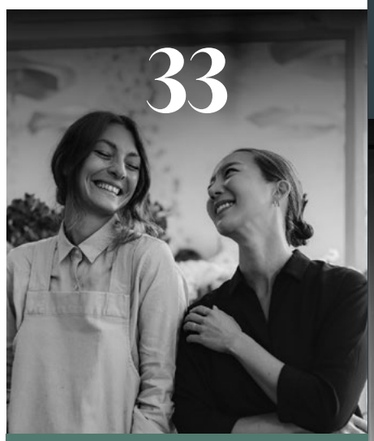
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WELCOME

The way we hold, manage and pass on wealth is constantly evolving, shaped by changes in tax, regulation and family life. In this edition of Nexus, we explore how those changes could affect the decisions you make now and in the future.

Tax remains a significant theme, from the Temporary Repatriation Facility and the opportunity it offers former remittance basis users to bring historic overseas wealth to the UK at a reduced tax rate, to forthcoming changes to the inheritance tax treatment of pensions and what this could mean for existing estate-planning arrangements.

For families considering how best to preserve and transfer wealth between generations, we compare Family Investment Companies and Family LLPs, looking at the different approaches they offer to control, taxation and succession planning. We also turn to digital wealth, examining proposed changes to the taxation of stablecoins and why greater tax reporting through the Crypto Asset Reporting Framework (CARF) will make accurate record-keeping increasingly important.

Family relationships are another area where the legal landscape may be changing. We consider proposed reforms to the law for cohabiting couples and ask whether the law is finally catching up with the realities of modern family life. We also look at proprietary estoppel and the circumstances in which informal promises about inheritance can have significant legal consequences.

We revisit the Renters' Rights Act 2025 as its reforms begin to take effect in practice, including the implications for executors, agricultural workers and landlords preparing for the new Private Rented Sector Database.

Across each of these areas, understanding change early gives you more scope to plan, protect your position and avoid unintended consequences.

As always, I hope you find this edition both enjoyable and useful.

Katherine Hague
Head of Private Wealth



This is intended as market insight and does not constitute legal advice.



A FAIRER FUTURE FOR COHABITING COUPLES?

For many years, family lawyers have debated whether the law needs to change to reflect how people form relationships and how families function today.

The law has not kept pace. With cohabitation increasing and family structures continuing to evolve, a recent government consultation could mark an important step towards reform and greater financial protection when relationships end.

What does the modern family look like?

Marriage, civil partnership and cohabitation patterns have changed significantly in recent years.

Opposite-sex civil partnerships were introduced in December 2019, initially prompting a steep increase in registrations which has since slowed. Same-sex marriage, introduced in 2014, was followed by a sharp decline in same-sex civil partnerships, suggesting many same-sex couples opted to marry instead.

Marriage itself has declined in terms of numbers. There were 231,949 marriages and civil partnerships in England and Wales in 2023, an 8.6% decrease from 2022.

The 2021 Census also demonstrated a continued move towards cohabitation. Among people living as a couple, the proportion cohabiting rather than being married or in a civil partnership increased from 20.6% in 2011 to 24.3% in 2021. The government consultation puts the number of unmarried cohabiting couples at more than 3.5m.

The change is particularly pronounced among younger adults. Among couples aged 25–29, the proportion cohabiting increased from 56.5% in 2011 to 71.6% in 2021.

Yet one statistic remains constant: the most common day of the week to get married continues to be a **Saturday**.



3.5m+ couples live together without marrying or entering a civil partnership

24.3% of people living as a couple were cohabiting in 2021, up from 20.6% in 2011

71.6% of coupled 25–29-year-olds were cohabiting in 2021, up from 56.5% in 2011



FAMILY LIFE CHANGES AND NOTHING STANDS STILL. THE LAW MUST MOVE WITH THOSE CHANGES

Why is family law reform back on the agenda?

In 2007, the Law Commission of England and Wales recommended reform, but nothing came of it and there appeared to be little political appetite.

There's now growing recognition that England and Wales have fallen behind other countries offering greater financial protection to cohabitants when relationships end.

The Ministry of Justice consultation A fairer end to relationships ran from 5 June to 14 August 2026. It set out the government's proposals to reform the law governing financial arrangements and protections when relationships end in England and Wales.

It considered three connected areas:

- Financial remedies on divorce and dissolution
- Financial provision for cohabitants on separation
- Inheritance provision for cohabitants on death.

Its themes include protection against domestic abuse, greater clarity and fairness in financial remedies on divorce and the introduction of Qualifying Nuptial Agreements. It also considers reform for cohabitants on separation and intestacy, while supporting stable family relationships and preserving the distinct status of marriage.

What could change for cohabiting couples?

The current system relies heavily on property law, focusing on legal title and beneficial interests. This is a complicated area and litigation can be prohibitively expensive. With the decline of public funding and legal aid, people representing themselves can struggle to navigate the complex rules and archaic legal principles.

Maintenance claims are also generally limited to provision for the children. When a relationship ends, the economically weaker party can therefore face hardship.

The consultation considers a new statutory framework of rights and responsibilities for eligible cohabiting couples when they separate.

WHATEVER REFORM IS PUT IN PLACE, THE LAW MUST BE ACCESSIBLE TO ALL WHEN THE NEED FOR ACCESS TO IT ARISES

Cohabitation and intestacy

Existing law often requires court intervention to determine entitlements where someone dies without having made a valid will.

The proposed reform would extend intestacy rights to qualifying cohabitants, allowing them to inherit automatically where their partner dies without a valid will, subject to meeting a definition and minimum duration period.

It would also give qualifying cohabitants the right to administer their partner's estate, aligning administration rights with the proposed new inheritance entitlements.

What could change for pre- and postnuptial agreements?

At present, pre- and postnuptial agreements aren't binding on the court. They can, however, be persuasive and provide a degree of respect for couples' autonomy.

England stands apart from many other countries where binding marital agreements are recognised. In many jurisdictions, couples can opt in or opt out of a marital regime governing ownership of property.

Historically in England, the prevailing attitude was that a nuptial agreement was offensive to public policy. That changed following the Supreme Court's decision in Radmacher, which established that nuptial agreements could be persuasive.

In 2014, the Law Commission made proposals relating to Qualifying Nuptial Agreements, but there was no appetite for change.

The current proposal would make a qualifying nuptial agreement binding under contract law. Safeguards would include protection against undue influence, misrepresentation and non-disclosure, access to legal advice and provision for financial needs, so that the economically weaker partner isn't taken advantage of.

Will reform deliver greater certainty?

The government consultation is a welcome recognition that the 'modern family' has changed and continues to change.

However, as a family lawyer with more than 35 years' experience in this field, I believe the ongoing discretionary approach of the courts will continue to lead to uncertainty.

Take the proposal that, under cohabitation reform, 'the standard of living shall be taken into account'. Divorcing parties already often debate their standard of living. Was it luxurious or exceptional? Was it met from capital rather than income? Was it funded by a windfall? Did it change dramatically during the marriage and, if so, when and why? Was it sustainable?

Proposed cohabitation framework

- Eligibility limited to adults in long-term, committed and interdependent relationships
- Couples must have lived together for three or more years, or live together and share a child
- More limited awards for shorter relationships
- A presumption that each person keeps what they legally own, departing from this only where necessary to meet an individual's defined needs, assessed more narrowly than on divorce
- Cohabitants cannot receive more favourable outcomes than spouses in comparable circumstances
- Children's welfare would be the first consideration
- The individual's own financial needs would then be considered, including housing, capital, income and pension needs
- The standard of living during the relationship would be taken into account
- Ongoing maintenance would only be available exceptionally, with needs met in most cases through capital rather than income provision
- Hardship would be taken into account
- Strong emphasis on achieving a clean break wherever possible.



Talk to me about financial arrangements after separation



On the breakdown of a cohabiting relationship, there may still be an assessment of 'need'. Relevant factors would probably include earning capacity, financial resources, physical or mental disability, age and length of the relationship and decisions made during the relationship that affected someone's financial position, such as reducing working hours to care for a child.

The more that is left to a judge's interpretation, whether that's the standard of living, what a party could earn, the impact of an illness on earning capacity or income needs, or how long the relationship lasted, the more scope there is for argument.

Will everyone be able to access the law?

Accessibility is another significant challenge.

Coercive or controlling behaviour can be subtle. It can slowly undermine an individual's confidence and may leave an economically weaker party feeling unable to access legal remedies.

Strengthening safeguards for those most at risk of harm or financial insecurity at the end of a relationship – including women, children and victim-survivors of domestic abuse and economic abuse – is important, but the practical problem of accessing legal advice remains. Lawyers are still often seen as prohibitively expensive.

Litigation is also extremely costly and, for many people, simply not an option. Navigating the court system can be overwhelming and impracticable, while some parties will continue to pay lip service to mediation without engaging meaningfully.

Whatever reform is put in place, the law must be accessible to all when the need for access to it arises.

Under existing divorce law, the court's objective is to avoid discrimination and achieve a fair settlement. The consultation similarly prioritises fair outcomes for children. Fairness, however, will remain an elastic concept, subject to interpretation on a case-by-case basis.

Where could reform leave cohabiting couples?

There has been some adverse publicity around cohabitation reform, with some couples railing against the prospect of financial obligations being imposed on them when they have made an informed decision not to marry or enter into a civil partnership.

My own perspective is that law reform is important. However, the concept of 'need', and the complexity surrounding it, will remain central to any application under the proposed scheme for cohabitants, who would be able to apply for a needs-based award.

What amounts to a need for one couple will be deemed a luxury for another. Private school fees are one example; another is expenditure that may not directly benefit a child but supports the wellbeing of their primary carer.

Family life changes and nothing stands still. The law must move with those changes. We now await the government's response following the close of the consultation.



Beverley Morris
Head of Family, London

Find out how we can support you when relationships change



THE GOVERNMENT IS PROPOSING TO EXEMPT ELIGIBLE STABLECOINS FROM CGT FOR TRANSACTIONS ON OR AFTER 6 APRIL 2027

DECRYPTING CRYPTO TAXATION AND CRYPTO TAX REPORTING

Crypto assets come in a variety of forms, from cryptocurrencies and utility tokens to stablecoins, security tokens, exchange tokens, e-money tokens and NFTs. Given this diversity, it's unsurprising that existing tax laws struggle to tax crypto asset transactions adequately and fairly.

Crypto assets are shoehorned into existing tax laws, often with unfair and unpredictable results. Fundamental questions tax practitioners have been dealing with in recent years range from which jurisdiction a crypto asset is located in for tax purposes to whether returns from crypto asset transactions should be treated as income or capital.

The government is taking steps to improve this situation and, in July 2026, published draft legislation intended to provide greater clarity over the taxation of stablecoins.

What is a stablecoin?

A stablecoin is a type of cryptocurrency designed to maintain a steady value by linking it to a real-world asset, like the US dollar or precious metals such as gold.

Unlike Bitcoin, stablecoins are designed to avoid significant price fluctuations. They act like digital cash, allowing fast and inexpensive online payments.

How do stablecoins work?

- **Pegged value:** each coin aims to stay equal to one unit of a real currency, such as one US dollar
- **Reserves:** companies issuing the coins hold real cash or low-risk assets, such as government bonds, to back them up
- **Redemption:** holders can usually trade their digital coins for the underlying currency.

What are stablecoins used for?

- **Crypto trading:** traders can park funds quickly without converting them back to money held in a regular bank account
- **Cross-border payments:** money can be sent across borders without traditional banking delays
- **Protection:** people in countries with high inflation may use stablecoins to preserve value in a more stable currency.



Talk to me about crypto assets and tax

The current tax position

Crypto assets are treated in the same way as any other financial asset for most tax purposes. If an individual disposes of a crypto asset, that disposal is potentially subject to capital gains tax (CGT). For certain assets, such as investments in standard cryptocurrencies, this is clearly an appropriate result.

However, stablecoins pose a unique challenge and we have seen clients trigger unexpected CGT liabilities.

For example, assume you purchased $1,000 of USDC, a US stablecoin, in September 2024. At the time, this would have cost approximately £760. Due to fluctuations in exchange rates, selling your USDC in January 2025 would have returned around £810, resulting in a £50 gain that would fall within the scope of CGT.

If, instead, you had deposited $1,000 into a foreign currency bank account, the resulting gain would have been exempt from CGT.

The rules also apply when purchasing assets using stablecoins. Every time a stablecoin is exchanged or spent, a CGT disposal takes place and the holder needs to consider whether a tax charge has arisen.

As well as the differing treatment of foreign currency bank accounts and stablecoins, this creates an administrative headache for holders who need to track their transactions carefully each tax year.

What are the proposed changes?

The headline change is that the government is proposing to exempt 'eligible stablecoins' from CGT for transactions on or after 6 April 2027, eliminating the difficulties outlined above.

To qualify for this exemption, the stablecoin must be:

- Backed by a sufficient amount of currency or other assets
- Widely available
- Designed to be used as a means of payment or settlement.

The draft legislation also amends the income tax treatment of returns on eligible crypto asset debts. Under the existing rules, these returns are classified as 'miscellaneous income' rather than interest.

The main impact for individuals is that returns would be eligible for the Personal Savings Allowance rather than the Trading and Miscellaneous Income Allowance.

What is an eligible stablecoin?

The stablecoin market is dominated by two US stablecoins, with Tether and USDC reportedly comprising approximately 90% of the market. However, hundreds of smaller stablecoins are available and holders will need to consider whether the coin they are purchasing meets the definition of an eligible stablecoin.

> CRYPTO ASSETS ARE SHOEHORNED INTO EXISTING TAX LAWS, OFTEN WITH UNFAIR AND UNPREDICTABLE RESULTS

The government's commentary acknowledges this difficulty and confirms that guidance will be published on the most common stablecoins to clarify whether they are eligible for relief.

The draft rules also contain provisions for how coins should be treated if they gain or lose eligible status. In short, eligibility will be assessed when the coin is acquired, or on 6 April 2027 for acquisitions made before the rule change.

If a holder has a mixture of coins purchased before and after eligibility, these will be separated into two pools. On a future disposal, coins in the non-eligible pool will be treated as having been disposed of in priority to the eligible coins.

What about capital losses?

A side effect of the proposed changes is that any losses realised on eligible stablecoins would also fall outside the CGT regime. The loss would therefore not be available to offset against future capital gains.

Those holding stablecoins currently standing at a loss may wish to consider whether to dispose of them before the new rules are introduced, allowing the loss to be crystallised under the existing CGT regime.

CARF: why record-keeping will become even more important

The Crypto Asset Reporting Framework (CARF) is a new international tax transparency framework under which certain crypto asset service providers will be required to collect and report user and transaction information to HMRC.

In practical terms, CARF should give HMRC more structured data about transactions carried out through exchanges and other reporting platforms, making it easier to compare that information with taxpayers' Self Assessment returns.





EVERY TIME A STABLECOIN IS EXCHANGED OR SPENT, A CGT DISPOSAL TAKES PLACE

CARF doesn't create a new crypto tax, but it does increase the visibility of crypto asset transactions carried out through reporting platforms. It won't necessarily give HMRC a complete picture of someone's crypto asset activity. Transactions carried out off-exchange, including direct wallet-to-wallet transfers, decentralised finance transactions and activity on non-reporting platforms, will most likely fall outside the data reported to HMRC.

Taxpayers should therefore not assume that HMRC's CARF data will be complete or match their own records. Differences may arise because of timing, fees, internal transfers, incomplete exchange data or off-exchange transactions. These could create ambiguity and make HMRC enquiries or tax investigations more likely.

Good record-keeping will remain essential, particularly where crypto assets are held across multiple exchanges or wallets, or where stablecoins are used frequently for payments or trading.

Crypto asset holders should keep contemporaneous records of:

- Acquisitions and disposals
- Exchanges and transfers
- Staking or lending returns
- Fees
- The sterling value of each relevant transaction.

This should make it easier to complete Self Assessment returns, report transactions not captured by CARF, reconcile HMRC data with your own records and respond to any HMRC queries.

Various tools are available to help UK taxpayers with crypto asset reporting, such as Recap.



Nicola McNeely
Head of Technology Services



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Find out how we can help you manage your digital wealth



CHANGES TO THE INHERITANCE TAX TREATMENT OF PENSIONS

Since the introduction of inheritance tax (IHT) in 1986, pension benefits held within approved or registered pension schemes have generally benefited from favourable IHT treatment.

Where trustees or scheme administrators retain discretion over the payment of death benefits, pension funds have ordinarily fallen outside the deceased's estate and therefore escaped IHT. Combined with tax relief on contributions and largely tax-free investment growth, this has made pensions an effective wealth preservation and succession planning vehicle.

What changes from 6 April 2027?

That position will change significantly from 6 April 2027. For deaths occurring on or after that date, most unused pension funds and pension death benefits, including some lump sums paid on death, will be brought within the value of a deceased's estate for IHT purposes.

The reform is likely to increase the number of estates subject to IHT and may also affect the availability of reliefs and allowances, including the residence nil-rate band, which is withdrawn from larger estates.

Broadly, the changes will apply to most defined contribution pension arrangements and some lump sums from defined benefit schemes.

Certain exceptions remain, including registered pension scheme death-in-service benefits, ongoing dependants' pensions where that is the only way the benefit can be paid and annuities for dependants or nominees bought at the same time as the member's own lifetime annuity.

Employer life cover under a separate excepted group life policy is not covered by the pension-scheme death-in-service exclusion, so separate advice should be taken on these schemes. Pensions and annuities that simply stop on death will usually have no value for IHT and shouldn't result in a tax charge.

Nevertheless, for many larger estates, the reforms are likely to result in a substantial increase in overall IHT exposure.

Beneficiaries may also pay income tax on inherited pensions, particularly if the member died aged 75 or over. Relief prevents full IHT and full income tax on the same money, but the combined tax can still be significant.

How will IHT exemptions apply?

Many of the exemptions that apply to personally held assets will also apply to pension benefits. For example, pension benefits passing to a spouse, civil partner, charity or political party will generally be exempt from IHT.

However, Business Relief and Agricultural Relief won't apply to pension assets, even where investments held within the pension would have qualified for relief if owned personally.

What is a defined contribution pension?

A defined contribution pension, also known as a 'money purchase scheme', is a retirement savings plan where the plan holder, and often their employer, contributes funds to build up a pot for retirement.

This could disadvantage people who have transferred business or agricultural property into a self-invested pension as part of their succession planning. One option may be to buy the assets back from the pension so they are personally held, although sufficient funds would be needed to complete the purchase.

If other assets need to be sold to raise the money, this could also result in a capital gains tax liability. Specialist advice should therefore be taken before any action.



Charitable gifts of 10% or more

Leaving at least 10% of an estate to charity can reduce the rate of IHT from 40% to 36%. There were concerns about the impact that the published legislation would have for significant charitable gifts. The primary concern was that if the value of pension assets were to simply be added to the rest of an estate when assessing whether the 10% threshold is met, a larger charitable gift would be required for the reduced rate of tax to apply.

In practice, most Wills that intend to make use of the 36% rate of tax are drafted so that the charitable gift is calculated to exactly meet the 10% threshold, often by referring back to the legislation itself.

However, this could result in the charitable legacy being much higher than the testator would have wished, and in other beneficiaries receiving less than intended.

It is also considered unlikely that pension assets will be readily available to help fund any charitable legacies. Unless the chosen charities are included on the deceased's expression of wishes form, the scheme trustees or manager are likely to be reluctant to exercise their discretion to pay funds to a charity. Other estate assets may then need to be sold or diverted from the beneficiaries expected to receive them.

However, in October's Budget, the Government confirmed plans to let those administering an estate choose whether to include pension assets with the rest of the estate for the 10% charity test or treat them separately. If including the pension assets would result in a disproportionately large charitable legacy, executors could instead apply the test only to the assets passing under the will or on intestacy. That part of the estate would then qualify for the reduced 36% IHT rate, while pension assets would remain taxable at 40%. This would be a welcome change to the legislation, particularly for those who prepared their Wills before the new rules were published.

FROM 6 APRIL 2027, MOST UNUSED PENSION FUNDS AND PENSION DEATH BENEFITS WILL BE BROUGHT WITHIN THE VALUE OF A DECEASED'S ESTATE FOR IHT PURPOSES

What will the changes mean for personal representatives?

The reforms will place greater responsibility on executors and personal representatives.

Historically, personal representatives had limited involvement with pension death benefits because these frequently passed outside the estate and could be distributed directly by pension scheme trustees or administrators.

From 6 April 2027, personal representatives will need to identify relevant pension arrangements, obtain valuations, include qualifying pension benefits in the IHT calculation, report the relevant information to HMRC and ensure any IHT attributable to pension assets is paid.

Pension scheme administrators will also have new obligations, including verifying authority to act and responding to information requests within prescribed time limits, generally within 28 days.

Where an executor has been appointed by a will, their authority arises immediately on death, allowing them to investigate the deceased's pension arrangements before a grant of probate is obtained.

Where someone dies intestate, or no executor is willing or able to act, a 'prospective personal representative' who is expected to obtain a grant can gather information and take the steps needed to calculate any IHT liability.

At the Autumn Budget 2026, the government confirmed that it will introduce legislation to allow a prospective personal representative to direct pension scheme administrators to pay IHT due directly to HMRC, provided certain conditions are met. Previously, only a personal representative or a beneficiary may give such a direction. The amendment will therefore put prospective personal representatives on the same footing, so that the IHT attributable to pension funds can be paid before a grant is obtained.

Two new procedures for personal representatives



Withholding notice

Allows personal representatives, or prospective personal representatives, to ask a pension provider to hold back up to half of a payment to a taxable beneficiary for up to 15 months from the end of the month of death. This provides time to assess the IHT due and how it will be funded.

Payment notice

Allows personal representatives or beneficiaries to ask the provider to pay IHT of £1,000 or more directly to HMRC within 35 days.

Where IHT is payable, liability will be apportioned between the free estate, certain trust interests and pension assets.

These changes are likely to make estate administration more complex, particularly where there are multiple pension arrangements or substantial pension wealth. Executors will need to investigate pension assets early, liaise closely with providers and advisers and ensure all relevant benefits are taken into account.

Failure to make reasonable enquiries could expose personal representatives to personal liability if pension assets are omitted from the IHT calculation.

What about overseas pensions and people living abroad?

Whether IHT applies to assets outside the UK depends on whether the deceased was a 'long-term UK resident', broadly meaning they have been a UK tax resident for 10 or more of the previous 20 tax years.

The new legislation confirms that the location of a pension scheme is the country in which the scheme is established. An overseas pension may therefore fall outside UK IHT once its owner is no longer a long-term UK resident. However, a UK pension scheme will remain within the scope of IHT, even after the member ceases to be a long-term resident.

One option may be to transfer a UK pension to an overseas scheme, but this isn't straightforward. Unless certain conditions are met, the transfer can trigger an immediate 25% overseas transfer charge.

An exception may apply, for example where the member lives in the same country as the receiving scheme, subject to the member's tax-free transfer limit. Advice should be obtained in the new country of residence as well as the UK, as its tax treatment of the pension may differ.

Who should review their estate planning?

The changes are likely to affect existing pension, will and estate-planning arrangements for a large number of individuals. People whose assets were previously comfortably below the IHT nil-rate band may soon find themselves exposed to tax.

PEOPLE WHOSE ASSETS WERE PREVIOUSLY COMFORTABLY BELOW THE IHT NIL-RATE BAND MAY FIND THEMSELVES EXPOSED TO TAX





Talk to us about pensions and inheritance tax planning

What is the nil-rate band?

The nil-rate band is the amount of an estate that can pass on death without IHT being charged. It's currently a maximum of £325,000 per person.

Review your estate planning if:

- You hold business or agricultural assets through a self-invested personal pension or small self-administered scheme
- You intend to leave 10% or more of your estate to charity
- You have substantial pension savings
- You have several pension arrangements
- You have a pension set up overseas, plan to move abroad or already live outside the UK.

Any review should consider the will, pension nominations and assets held within the pension together. Changes shouldn't be made without advice, as moving or selling pension assets can have separate tax and practical consequences. Further HMRC guidance is expected before the changes take effect.

Find out how we can help you protect your wealth for the future



Kimberly Sayward
Legal Director, Private Client



Alex Hunt
Legal Director, Private Client



Christopher Nuttall
Head of Pensions

WHEN IS A PROMISE ENFORCEABLE IN INHERITANCE DISPUTES?

In inheritance disputes, few phrases cause more heartache than “one day, this will all be yours”. When someone has relied on that promise, it can have significant legal consequences if it’s broken.

The legal principle that can make such a promise enforceable is called proprietary estoppel.

What is proprietary estoppel?

Normally, property passes formally, through a deed or a signed and witnessed will. Proprietary estoppel is the exception: an informal promise, never written down, can override a valid will if the elements of a claim can be properly evidenced.

We see it most often on family farms. A parent tells a son or daughter the farm will be theirs. The child stays on, works long hours for little pay and turns down other opportunities, such as a better-paid job elsewhere or a career outside agriculture.

Then the will leaves the farm to someone else, perhaps a second spouse who isn’t the child’s parent, or siblings who have moved away. The same principles can apply to a family home or business.





Talk to me about disputed wills and estates

What has to be shown?

Estoppel claims aren't intended to 'correct' what might be perceived as unfairness. The court will look for specific elements that form the basis of these claims:

- **A clear promise:** something specific enough that the person could reasonably rely on it. A vague sense that the farm will 'stay in the family' is rarely enough
- **Reliance:** the person must have acted, or chosen not to act, because of that promise
- **Detriment:** they must have lost out as a result, for example through years of low pay or a career given up. It doesn't, however, need to be financial: it could involve life choices that would not otherwise have been made. The court will weigh this against any benefits received, such as a rent-free home or a share of the profits.

It's also necessary to show that it would be unconscionable – in other words, plainly unfair – to go back on the promise.

Claims can arise at two stages: during the lifetime of the person who made the promise, typically after a family fallout when it's withdrawn, or after death, where the will is contrary to the assurances the deceased gave.

The balance has shifted over the years. Historically, most claims arose after a death, but we now see many more brought during a person's lifetime, perhaps reflecting changing family structures. In Guest v Guest, for example, the Supreme Court considered a claim by a son who had worked on his parents' farm for decades on low wages and was disinherited after a falling-out, while both parents were alive.

Where a claim succeeds, the court has broad discretion over the remedy. It will often start with what was promised but may scale that back, for example where someone receives an inheritance early, or to keep a farming business viable.

A case in point: Ellis v Ellis

A recent case in which Katie Alsop and Charlotte Kahrman successfully represented their client in defending a claim demonstrates the limits of the principle.

Keith Care was a well-known rare-breed cattle farmer in Cornwall. His will left almost everything, including Tregear Farm, to his friend and fellow farmer, Luke Ellis.

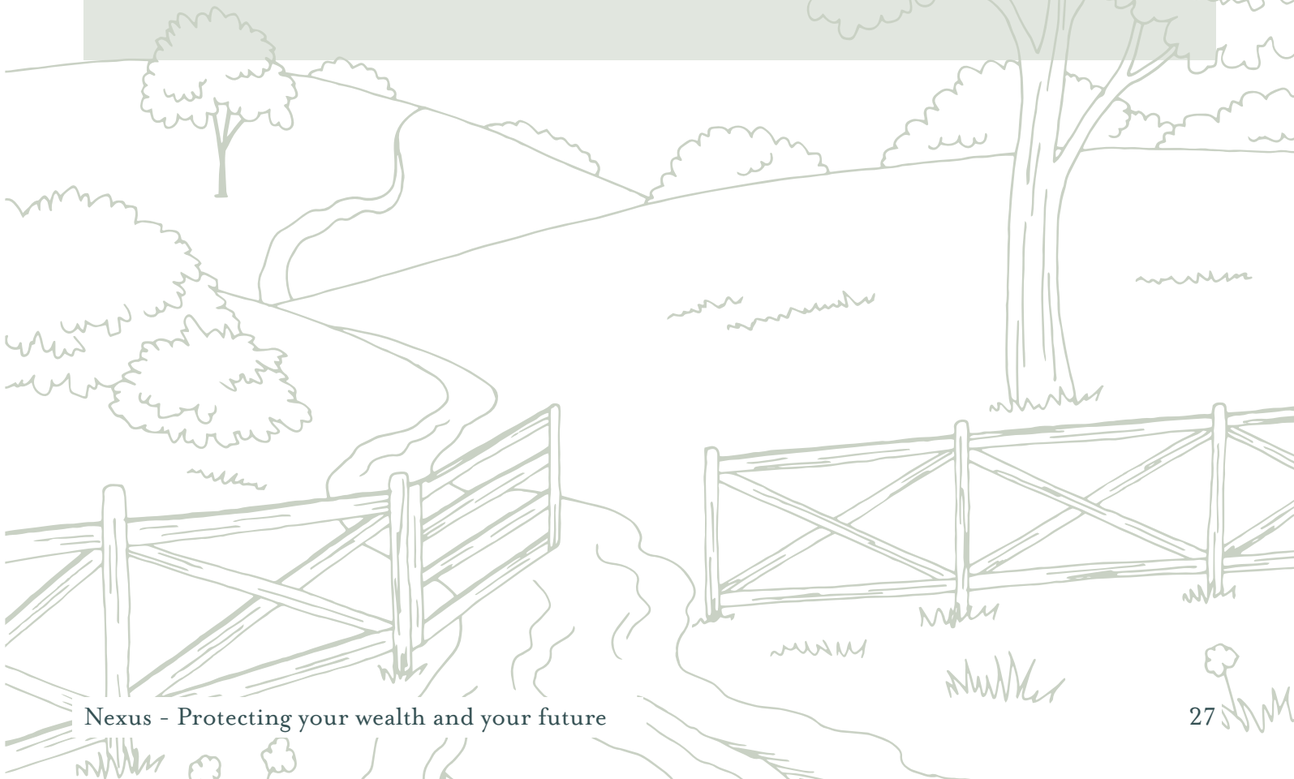
Keith's brother, Vivian, claimed the farm should have been left to him. He threatened to challenge the will but repeatedly failed to act, leaving the estate in limbo. Luke therefore asked the court to declare the will valid so the estate could be administered.

Vivian argued that the will was invalid and, failing that, that he was entitled to the farm by proprietary estoppel. The court rejected both arguments. The will had been properly signed, Keith had the requisite capacity to make it and he had understood and approved what it said.

On the estoppel claim, the judge accepted there may have been a general family expectation that the farm would stay in the family but found Keith's comments were statements of his intentions at the time, not a firm promise Vivian could rely on. Nor could Vivian show he had changed his life in reliance on anything Keith said. The family's disappointment was genuine, but it didn't entitle him to anything.

The financial consequences for Vivian were significant. He was ordered to pay Luke's and the executors' legal costs and, because he had turned down a reasonable settlement offer, to pay those costs on an enhanced basis from the date the offer expired.

The lessons are clear. A valid will is respected, even when the outcome is disappointing, and pursuing a weak claim all the way to trial can be very expensive.





Protecting your family

Families shouldn't be discouraged from talking about the future. The difficulty comes when those conversations aren't written down, are misunderstood or are overtaken by events. A few steps go a long way:

Put it in writing: keep your will and any partnership or business agreements up to date and consistent with what you have told your family. Bear in mind that a partnership deed will override a will, so they must align with one another

Explain any change of heart: if your plans change, tell those affected and record it

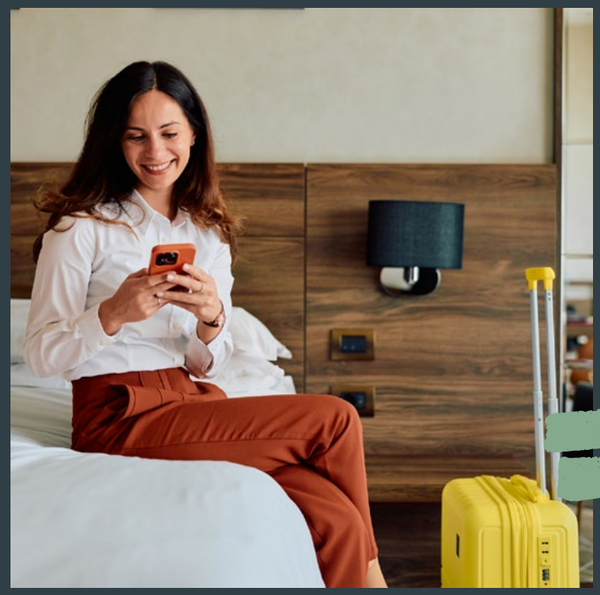
Be open with your adviser: when making a will, mention anyone who works in the business or on the land, and what they have been told or promised

Take advice early: whether you have been promised something or are concerned about a claim, early advice can save money and stress. Many disputes settle through mediation, which is particularly well suited to inheritance disputes and allows for practical solutions a court couldn't order.



Katie Alsop
Head of Disputed Wills, Trusts & Estates, Leamington Spa

Find out how we can help resolve inheritance disputes



BRINGING OVERSEAS WEALTH TO THE UK AT LOW TAX RATES

Former remittance basis users have a limited opportunity to bring historic foreign income and gains and pay tax on them to the UK at a reduced tax rate.

The Temporary Repatriation Facility (TRF), introduced on 6 April 2025, currently allows eligible individuals to designate qualifying historic foreign income and gains at a 12% tax rate. From 6 April 2027, the rate rises to 15% before the relief ends altogether after 5 April 2028.

For those considering bringing overseas wealth to the UK, understanding how and when to use the TRF could make a significant difference.

What changed in April 2025?

Before 6 April 2025, UK residents who were not domiciled or deemed domiciled in the UK could elect to be taxed or, in certain cases, were automatically taxed on the remittance basis. Broadly, this meant their foreign income and gains were not subject to UK tax unless they were brought to, or used in, the UK.

From 6 April 2025, the concept of domicile for tax purposes, and with it the remittance basis of taxation, was abolished. UK tax residents are now generally taxed on their foreign income and gains as they arise, whether or not they are brought to the UK, with an exception for those who qualify for and claim the new four-year foreign income and gains (FIG) regime.

Although the remittance basis has been abolished going forward, the previous rules continue to apply to relevant pre-6 April 2025 foreign income and gains. In practice, this means that, subject to the TRF, a UK resident who was formerly taxed on the remittance basis may still have to pay UK tax when bringing previously unremitted foreign income and gains to the UK, at the usual income tax and CGT rates (currently, up to 45% and 24% respectively).

How does the TRF work?

The TRF is a transitional relief available for three tax years, from 2025/26 to 2027/28.

Broadly, the TRF allows UK residents who were subject to the remittance basis for at least one tax year before 2025/26 to 'designate' an amount of their unremitted pre-6 April 2025 foreign income and gains and pay tax on that amount at a reduced rate: 12% for 2025/26 and 2026/27 and 15% for 2027/28.



Provided the designation is made within the relevant time limits, the designated funds can be brought to the UK when required, including after the TRF period has ended, without further UK tax.

Subject to certain criteria, the TRF also allows former remittance basis taxpayers to designate amounts held in mixed funds, funds of uncertain origin and distributions from offshore trusts.

Why could the TRF be valuable?

For UK residents with qualifying historic overseas income and gains, the TRF can provide a lower-cost route to using that money or assets in the UK, whether for private medical care, school fees or investment in a UK business.

At 12% or 15%, the TRF charge may be significantly lower than the tax payable under the normal remittance rules.

THE TRF CAN PROVIDE A LOWER-COST ROUTE TO USING HISTORIC OVERSEAS WEALTH IN THE UK

What should you consider before using the TRF?

The TRF rules are complex. It's important to plan ahead and seek advice as soon as possible.

Key considerations include:

1 Eligibility

You must be UK resident in the tax year of designation and have been subject to the remittance basis in at least one tax year before 2025/26

2 Historic domicile

Review your domicile position for the years in which you used the remittance basis and retain evidence supporting your non-UK domiciled status in those years

3 Funding needs

Consider which overseas funds or assets you may need in the UK and when

4 Comparative tax cost

Compare the TRF with the normal rules. The TRF may not always produce the best result, particularly where substantial foreign tax has already been paid

5 FIG regime

Consider whether you are eligible for the four-year FIG regime and whether this could provide relief for trust distributions instead

6 Trust distributions

Work with trustees to ensure distributions are made within the relevant timeframes. The 12% rate is only available for distributions made by 5 April 2027. Some distributions may require two separate designations and two TRF payments

7 Payment of the TRF charge

Plan how the TRF charge will be funded. Using undesignated pre-6 April 2025 foreign income or gains to pay the charge to HMRC can itself create a taxable remittance

8 Record keeping

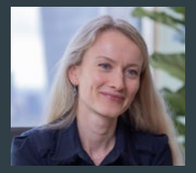
Keep detailed records of designated funds and consider holding them in a separate overseas account.

Planning ahead

If you're considering using the TRF, ensure you know the relevant deadlines. Designations must be made through your tax return by 31 January 2028 for 2025/26, 31 January 2029 for 2026/27 and 31 January 2030 for 2027/28.

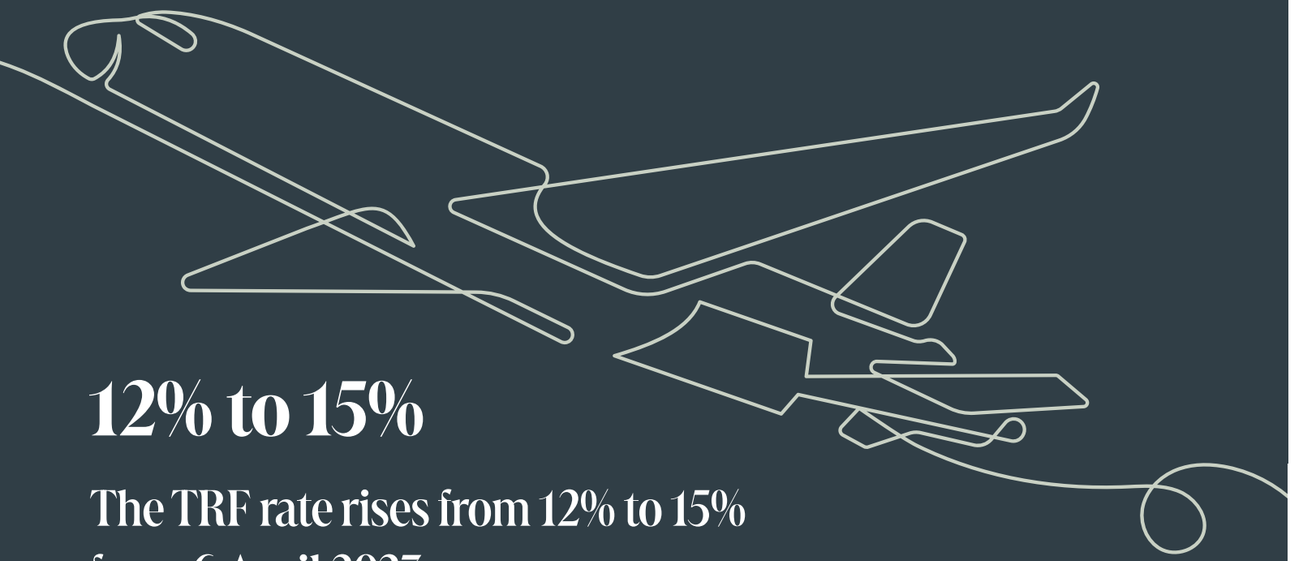
Funds brought to the UK during the TRF period must be designated in the return for the tax year in which they are brought to the UK if they haven't already been designated.

Designations for 2026/27 attract the 12% rate, rising to 15% for 2027/28. However, don't designate funds simply to secure the lower rate. Once the relevant deadline for amending a designation has passed, the TRF charge cannot be refunded, even if the funds are never brought to the UK.



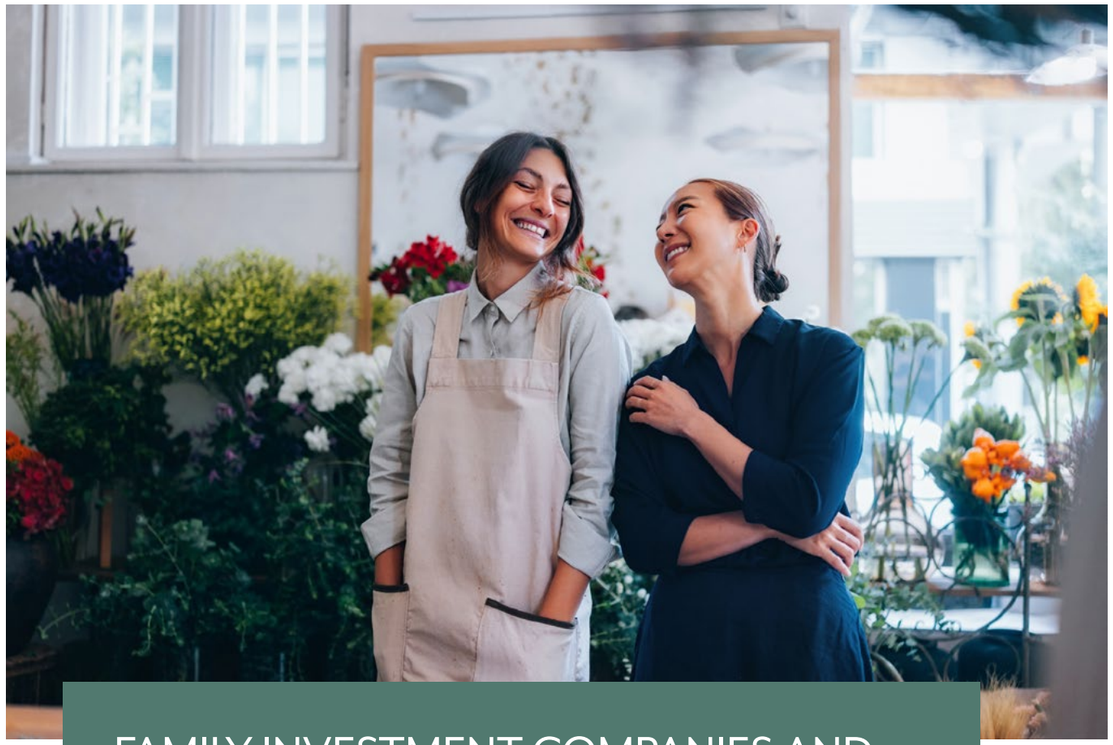
Olga Tabenko
Legal Director, Private Client

Find out how we can help with international tax planning



12% to 15%

The TRF rate rises from 12% to 15% from 6 April 2027



FAMILY INVESTMENT COMPANIES AND FAMILY LLPS: CHOOSING THE RIGHT STRUCTURE FOR YOUR FAMILY'S WEALTH

Families seeking to preserve and transfer wealth across generations often require an appropriate legal structure to achieve their succession-planning objectives.

Historically, trusts have played an important role in intergenerational wealth planning and remain a valuable estate-planning vehicle. However, changes to trust taxation have prompted many families to consider alternative structures as part of their wealth-preservation strategy.

These include Family Investment Companies (FICs), general partnerships, limited partnerships and, increasingly, Family Limited Liability Partnerships (Family LLPs). In particular, FICs and Family LLPs have become popular vehicles for holding and managing family wealth.

While both can be highly effective, they differ in important respects. Understanding these structural and practical differences is key to deciding which approach best aligns with your family's objectives, whether those relate to succession planning, tax efficiency, asset protection, governance or long-term control of wealth.

What is a Family Investment Company?

A FIC is a private limited or unlimited company incorporated under the Companies Act 2006. It has a separate legal personality and can own assets in its own right.

The distinguishing feature of a FIC is its bespoke constitutional documents and multi-class share structure, enabling different shareholders to hold different rights where required.



The senior generation will typically retain control through their roles as directors, by holding shares carrying voting rights or both. Additional governance and control mechanisms can be incorporated into the shareholders' agreement to ensure that strategic decision-making remains with the senior generation for as long as desired.

What is a Family LLP?

A Family LLP is a body corporate established under the Limited Liability Partnerships Act 2000. While it has a separate legal personality and can hold assets in its own name, it's generally tax transparent.

As a hybrid structure, it combines the continuity and limited liability of a company with the flexibility of a partnership. Its affairs are governed by a private agreement between the members.

Every LLP must have at least two designated members who are responsible for statutory compliance, including Companies House filings. Other members' rights and profit entitlements are governed by the LLP agreement and they have no additional statutory duties.

In a Family LLP, the senior generation will typically act as designated members and retain management control, while children and grandchildren are admitted as members with capital and profit-sharing rights.

> THE MOST APPROPRIATE STRUCTURE WILL DEPEND ON YOUR FAMILY'S ASSETS, OBJECTIVES, APPETITE FOR COMPLEXITY AND LONG-TERM Ssuccession PLANS

Turn over for an outline of the key structural differences.

The comparison highlights why Family LLPs have become increasingly attractive in recent years. Families may be drawn to the combination of tax transparency, limited liability, contractual flexibility and enhanced privacy.

An LLP agreement can contain tailored provisions for profit allocation, capital entitlements, decision-making and membership changes, with flexibility to adapt as family circumstances evolve.

Which structure is right for your family?

The rise of FICs and, more recently, Family LLPs reflects a broader trend towards flexibility, governance and tax efficiency in family wealth planning.

Whilst FICs are now well established, Family LLPs are increasingly being considered as an alternative. With a robust LLP agreement, genuine business activity and careful consideration of the tax implications, an LLP can be a valuable succession-planning tool. It can be particularly well suited to families seeking limited liability, active multi-generational involvement and a single layer of tax, provided they're comfortable with members being taxed on profits as they arise.

Neither structure is a one-size-fits-all solution. The most appropriate structure will depend on your family's assets, objectives, appetite for complexity and long-term succession plans.

Find out how we can help you pass on family wealth

> UNDERSTANDING THESE STRUCTURAL AND PRACTICAL DIFFERENCES IS KEY TO DECIDING WHICH APPROACH BEST ALIGNS WITH YOUR FAMILY'S OBJECTIVES



Lara Bethell
Partner, Corporate



Kimberly Sayward
Legal Director, Private Client



Key structural differences

Structural Feature	Privacy	Regulatory framework	Succession planning	Entity type	Control	Liability	Tax treatment
Family Investment Company	• Annual accounts for limited companies and confirmation statement are publicly filed • PSC register applies • Articles of association are publicly filed, but the shareholders' agreement remains private	• Governed by the Companies Act 2006 • Procedurally more rigid	• Multi-class share structure enables control to be retained while value passes • Share structuring, including growth shares and the valuation implications of minority holdings, can form part of inheritance tax planning • Articles of association and shareholders' agreement can govern succession matters	• Private limited or unlimited company • Separate legal personality • Corporate veil applies	• Voting rights determined by shareholdings • Board can be given additional control through constitutional documents • Subject to statutory duties and formalities	• In a limited company, shareholders' liability is limited to unpaid amounts on their shares • Directors may face personal liability for breach of duty	• Corporation tax applies at entity level • Most dividend income is received tax-free • Further tax may apply when funds are extracted through dividends or salary, creating a potential double layer of taxation • Profits can be rolled up and reinvested
Family LLP	• Annual accounts and confirmation statement are publicly filed • PSC register applies • LLP agreement remains private	• Governed by the Limited Liability Partnerships Act 2000 and LLP Regulations 2001 • LLP agreement is the main source of members' rights • Default rules only apply where the agreement is silent	• Combines the continuity of a corporate body with partnership-style flexibility • LLP agreement can include bespoke admission, retirement and succession provisions • Members' rights and obligations are governed principally by the LLP agreement, providing greater freedom to tailor arrangements than is generally available within a company structure • Flexibility can facilitate succession planning and the movement of economic value between generations, although careful tax advice is required	• LLP established under the Limited Liability Partnerships Act 2000 • Separate legal personality	• Management and voting rights determined by the LLP agreement • Designated members handle statutory compliance • No board, shareholder resolutions or directors' duties regime	• All members benefit from limited liability • Unlike a traditional limited partnership, members can participate in management without losing that protection	• Where the LLP carries on a business with a view to profit, it's generally treated as tax transparent • Members are taxed on their share of profits rather than the LLP itself, potentially avoiding the corporation tax layer applicable to a FIC and further tax on extraction • Generally no tax deferral, as members pay tax on profits whether or not they are drawn • No tax at entity level



RENTERS' RIGHTS ACT 2025: THE NEXT STEPS FOR LANDLORDS

In the last edition of Nexus, we explored the Renters' Rights Act 2025 and its major impact on residential landlords and tenants in England.

Phase one took effect on 1 May 2026. As a reminder, the key changes include:

- Fixed-term tenancies no longer exist. All existing assured shorthold tenancies (ASTs) have automatically become assured periodic tenancies (APTs), which roll on without a fixed or minimum term. Tenants can end their tenancy by giving two months' notice, although the landlord may agree to an earlier end date
- New tenants must receive prescribed information. For new tenancies, landlords must give tenants a written statement of prescribed information before the tenancy starts
- Section 21 'no-fault' evictions have been abolished. Landlords can now recover possession only through one of the specified grounds under section 8, many of which carry longer notice periods.

What happens when a landlord dies?

We're beginning to see how the changes affect families dealing with the estate of a deceased landlord, as well as the housing of agricultural workers and employees.

One of the section 8 grounds for terminating a tenancy is to enable the sale of a property. However, possession cannot be obtained on this ground within the first 12 months of a tenancy. The tenant must also be given at least four months' notice and the landlord must be able to show a genuine intention to sell.

This can create issues for executors where a deceased landlord owned a rental property. The executors may need to sell it, for example if the estate is to be divided between multiple beneficiaries.

The tenant must be given sufficient notice and is under no obligation to leave during the notice period. If they don't leave, the executors may have to apply to the court for a possession order. This is likely to increase estate administration costs and cause delays.

A LANDLORD WITHOUT AN ACTIVE PRSD ENTRY CANNOT OBTAIN A POSSESSION ORDER

Further, as a landlord cannot generally re-let the property for 12 months, executors will need to check that a sale is realistic before serving notice. Otherwise, the property may sit empty and become an ongoing liability for the estate.



Talk to me about landlord and tenant matters



What about agricultural workers and employees?

Careful thought should also be given to the type of tenancy offered to employees and agricultural workers to ensure flexibility in the future.

For agricultural workers, a notice still needs to be served before a tenancy is offered to them, now using Form 9A, to prevent an assured agricultural occupancy arising.

There is also a new ground 5A, allowing landlords to serve notice on a tenant under an APT if they need the property to house a qualifying agricultural worker.

This definition is narrow and will not include retired workers, those who work mainly for a different entity or staff members who don't work in agriculture. In these circumstances, an alternative arrangement, such as a service occupancy or common law tenancy, may be more appropriate.

What comes next?

Phase two, which will introduce the mandatory Private Rented Sector Database and establish a Private Rented Sector Ombudsman, will start to come into effect in December 2026.

Phase three will be introduced in 2035 and will extend the Decent Homes Standard, established in the social housing sector, to the private rented sector. This will impose minimum standards for repair, safety and comfort, with significant penalties for non-compliance.

The Private Rented Sector Database

The Private Rented Sector Database (PRSD) will be rolled out region by region across England from 15 December 2026. Deadlines depend on where the property is located, not where the landlord lives.

Landlords will have three months from the start date for their region to register before councils can take enforcement action. The rollout starts in the West Midlands and ends in the South West, where the registration deadline is 14 November 2027.

Landlords of assured or regulated tenancies must register themselves and each property and pay an annual fee of £65 per property. They will need to provide personal or organisational details, information about the property, tenancy and rent, gas safety certification, electrical certification and Energy Performance Certificates (EPCs).

Anyone registering in a particular capacity, such as an attorney, personal representative or deputy, must declare this and provide evidence of their authority.

Registration matters because a landlord without an active PRSD entry cannot obtain a possession order.

Landlords should now:

- Check their registration deadline
- Set up a GOV.UK One Login
- Gather the required certificates
- Agree with their agents who is responsible for what.

TENANTS CAN END THEIR TENANCY BY GIVING TWO MONTHS' NOTICE

Find out how we can help landlords stay ahead of regulatory developments



Stephanie Dennis
Partner, Agriculture and Estates



Kerri Woodrow
Head of Private Client, Northampton



Kirsteen Durrant
Partner, Dispute Resolution

AUTUMN BUDGET 2026 OVERVIEW

On 28 October 2026, the new Chancellor, John Healey, delivered his first Budget. Thankfully, there were no big surprises, but a raft of smaller measures, 98 in total, designed to give the country "breathing space".

Whilst there were some interesting details signalling possible longer-term reform, here we provide an overview of the key announcements affecting business and personal taxation.

Personal tax announcements

Income Tax Rates

Savings and property tax rates increased by a further 2% from April 2027, giving marginal rates of 24%, 44% and 49%.

ISA Allowances

The ISA allowance is frozen at £20,000, with no cash ISA restrictions for those under 65. The proposed reduction to £12,000 for under-65s has been scrapped.

THE RANGE OF MEASURES ANNOUNCED COULD HAVE IMPORTANT IMPLICATIONS FOR INDIVIDUALS AND BUSINESSES

First Time Buyer ISA

A new First Time Buyer ISA will replace the Lifetime ISA. We await further detail on this.

Pension Tax Allowance

A new Pension Tax Allowance will be introduced from 6 April 2027, ensuring no tax is paid on income up to the full new State Pension. This is expected to be £13,036 from April 2027.

Self Assessment

Self-assessment payments will be reformed from 2029/30, requiring more frequent tax payments aligned more closely with PAYE.

Pensions and Inheritance Tax (IHT)

A reminder that, from 6 April 2027, unused pension pots will be deemed to be within a taxpayer's estate for IHT purposes. However, several points have been clarified:

- Prospective personal representatives will be permitted, where specified conditions are met, to direct a pension scheme administrator to pay the IHT due to HMRC.
- Pension death benefits no longer need to be paid within two years of death to remain tax free. The two-year rule is being removed with immediate effect so that beneficiaries will no longer be taxable because tax-free pension and lump sum death benefits are paid out more than two years after the member's death. Currently, where a person dies under the age of 75, their heirs generally receive pension funds paid to them as a lump sum within two years of the notification of the death free from Income Tax. If the payment takes longer, Income Tax must be paid at the recipient's marginal tax rate.
- It has been confirmed that pensions can be treated as a separate component when determining if the reduced 36% IHT rate applies. Usually, an individual's assets on death are included in the 'general component'. Under the original proposals, pensions would also have sat within the general component, significantly increasing its value.

Cost of Living Measures

A number of measures to assist with the cost of living, which were announced before Budget day, were confirmed:

- Those living in homes within council tax bands A-D in England will receive a one-off £100 "Household Energy Payment" from January. This will be paid directly into bank accounts.
- The standing charges for connecting to the gas supply will be scrapped in England, Scotland and Wales. Such charges will be shifted onto the unit price for energy. It is understood the government wishes to extend this to electricity standing charges at a future date.
- The temporary cut in fuel duty has been extended again until July 2027.

Households in council tax bands A–D in England will receive a one-off £100 Household Energy Payment from January 2027

The National Living Wage will rise by 3.9% to £13.21 per hour

Business and investment measures

The Budget also included a number of announcements affecting businesses, business owners and investors, including changes to capital gains tax reliefs, employee share schemes, business rates and employment costs.

Founders' relief

The government has launched a consultation on a new capital gains tax relief for founders. From 6 April 2027, a new 10% capital gains tax rate is proposed for qualifying share disposals in high-growth, innovative UK companies, subject to a £10 million lifetime limit per individual.

Under the proposals, founders must have held at least 25% of the company when it began trading and have held their shares and been UK resident for five years before the sale. The company will need turnover of at least £10 million, have 15 qualifying full-time employees and meet two of three tests relating to turnover growth, headcount growth and R&D spending.

The consultation closes on 30 November 2026, so the detail may change.

Business Asset Disposal Relief

The lifetime limit for individuals claiming Business Asset Disposal Relief on qualifying disposals will halve from £1 million to £500,000 from 6 April 2027.



EMI2 share options

From 6 April 2027, the Company Share Option Plan will become "EMI2", with the individual option limit doubling from £60,000 to £120,000 and the exercise period extending from 10 to 15 years. EMI2 is intended as the next step for scaling businesses that have outgrown the Enterprise Management Incentive scheme.

Business rates

From April 2027, Small Business Rates Relief thresholds for qualifying retail, hospitality and leisure properties in England will increase from £12,000 to £18,000 for full relief, and from £15,000 to £21,000 for tapered relief.

Minimum wage

From 1 April 2027, the National Living Wage will rise by 3.9% to £13.21 per hour, with the National Minimum Wage for 18- to 20-year-olds also rising by 3.9% to £11.27 per hour.

Mileage rates

The 55p per mile tax-free rate for the first 10,000 business miles has been made permanent, while the rate for business mileage above 10,000 miles will increase from 25p to 35p.

Bank corporation tax surcharge

There will be a temporary increase in the bank corporation tax surcharge from 3% to 6%, effective for 15 months from 1 January 2027.

What didn't change?

Income Tax: Income tax thresholds and personal allowances remain frozen until 5 April 2031, continuing to draw more taxpayers into higher tax bands.

The National Insurance freeze was also extended to 5 April 2031.

IHT: The freeze on current IHT thresholds was extended, ensuring that the current nil-rate Band of £325,000 and Residence nil-rate Band of £175,000 for estates below £2 million remain in place until 5 April 2031. Whilst not a direct tax increase, as asset values increase, more estates will come within the IHT net.

Agricultural and Business Property Relief remained at £2.5 million and is also frozen until 5 April 2031. This allowance is transferable between spouses.

Capital gains tax (CGT): There were no announcements in relation to CGT rebasing of assets on the death of a taxpayer or any rate increases that had been the subject of speculation before the Budget.

Looking ahead

Although there were few major surprises in this Budget, the range of measures announced could have important implications for individuals and businesses.

With a number of changes due to take effect from April 2027, it is important to consider how they may affect your personal or business plans and whether any action is needed.



Antonia Lomax
Partner, Private Client



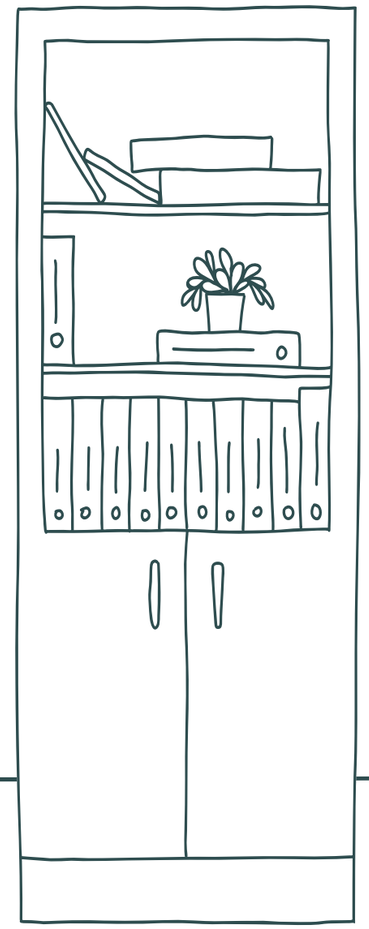
Lauren Basham
Associate, Corporate

Find out how we can help you respond to Budget changes



£1m to £500,000

Business Asset Disposal Relief lifetime limit from 6 April 2027



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