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BHP Tax Intelligence

Property, Private Wealth & Investment

**Beyond the cases.
Into the bigger questions.**

Our **SDLT, LTT and LBTT Case Reports** explain property-tax decisions. **FTT Private Client Tax Watch** covers tax cases affecting individuals and families. **Beyond Tax: Property Law Developments** examines property disputes beyond tax.

Those series explain the courts' decisions. Tax Intelligence fills a different gap: research, policy ideas and changing behaviour that matter before a case reaches court. We set out the background, then give a short BHP Summary on what it means for families and investors.

Nine questions about wealth on the move, high-value homes, trusts and wealth taxes; the changing role of pensions and annuities; buy-to-let's future; family-office location; and Scotland's high-value property reforms.

Commentary to inform, explain and encourage discussion. Not personal advice.

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Contents

Nine questions about property, private wealth and the choices ahead.

Numbered references identify the original sources and their versions. Articles 1–4 use information checked to 21 September 2026; Articles 5–9 to 22 September 2026.

The questions behind the headlines

COMMENTARY AND ANALYSIS | PUBLISHED 22 SEPTEMBER 2026

Our SDLT, LTT and LBTT Case Reports explain property-tax decisions. FTT Private Client Tax Watch covers tax cases affecting individuals and families. Beyond Tax: Property Law Developments examines property disputes beyond tax. BHP Tax Intelligence fills a different gap: research, policy ideas and changing behaviour that matter before a case reaches court.

This opening issue asks nine questions about wealth, property and the choices facing families and investors. We look at wealth migration, high-value home deferrals, whether offshore trusts still justify their complexity, and whether weaknesses in the way wealth is taxed should be repaired before new taxes are added. We then turn to pensions and inheritance tax, buy-to-let, annuities, family-office location and Scotland's high-value property reforms.

The common theme is simple: look past the headline. A migration number is not a tax-loss number. A historic property return is not a forecast. A fashionable jurisdiction does not move a family office by itself. And a new tax should be judged by the problem it is actually designed to solve.

Each article separates the underlying evidence from a short BHP Summary. Third-party authors and publishing organisations are credited where identifiable, while BHP's commentary is written in its own voice. The aim is to make complex developments interesting and useful without turning the publication into an academic paper.

Commentary and opinion – not advice

This publication provides general commentary and opinion, not tax, legal, investment or other professional advice. Articles 1–4 use information checked to 21 September 2026; Articles 5–9 to 22 September 2026. Enacted law, official proposals, third-party analysis and press reporting are distinguished. No transaction, investment or personal decision should be made in reliance on it without advice on the relevant facts.

1 Wealth on the move

Are the headlines telling us enough?

More wealthy people may be leaving the UK while tax paid by internationally mobile taxpayers rises. Both can be true. The difficult question is what caused what.

Debate about the UK's post-non-dom tax regime often jumps between two headlines: wealthy people are leaving, and tax receipts from internationally mobile taxpayers are rising. Neither headline, on its own, tells us whether the reforms are working.

HMRC estimated at least 81,900 non-domiciled and deemed-domiciled taxpayers for 2024–25, slightly down on the previous year, while their combined Income Tax, Capital Gains Tax and National Insurance liabilities rose to £13.6 billion. But this is not a migration count. The figures include UK and non-UK residents and relate to a year before the April 2025 foreign income and gains regime took effect. [2][3]

The Office for National Statistics has also said that it does not hold the income and tax-contribution data needed to tell us what emigrants paid before leaving. That matters because a departure number is not the same thing as a revenue-loss number. [1]

Behaviour matters

The Office for Budget Responsibility made this point in its October 2024 costing. For one part of the non-dom reforms, its rounded 2029–30 estimate showed about £0.8 billion of extra revenue before behavioural responses, but around £0.7 billion was then lost through assumed migration and tax planning. The remaining rounded yield was only £0.1 billion, and the OBR rated the uncertainty very high. [10]

That does not prove that the reforms will fail. It shows why apparently strong headline numbers need context. A higher tax bill in one year may reflect higher income, large disposals or transactions brought forward. A wealthy individual may leave while a UK business stays. Another may remain but change where capital is invested or when gains are realised.

BHP Summary

The useful question is not simply "how many wealthy people left?" or "did tax receipts rise?". It is what the same people, businesses and capital would probably have done without the reform. That counterfactual is difficult, but it is the only sensible way to judge the effect.

For advisers and families, the practical message is simpler: do not let a national headline substitute for a personal balance sheet. Residence, investment, business ownership and tax exposure can move in different directions. The interesting story is behaviour, not just departures.

2 High-value homes

Who should be allowed to defer?

A payment delay can prevent hardship without cancelling the charge. The difficult design choice is separating people who cannot pay now from people who would simply prefer not to.

The proposed High Value Council Tax Surcharge would apply to owners of homes in England valued at least £2 million from April 2028. Published annual charges are £2,500–£7,500, with CPI uprating proposed, initial 2026 values and five-year revaluations. The May 2026 consultation proposes an interest-bearing debt secured against the home for eligible owners who defer. Payment would be triggered by an ownership change. These are proposals, not an existing entitlement. [4][5]

For main homes—not second homes or company-owned property—the proposed financial thresholds are annual household income of £35,000 or less and capital savings of £16,000 or less. Question 6 asks whether either condition should suffice or both should be met. There is also a separate proposed disability route. [5]

BHP Summary

BHP would use both financial thresholds for automatic financial eligibility, with a defined hardship review for households outside them. Neither an unrestricted "or" nor an inflexible "and" reliably identifies immediate payment difficulty.

Two households expose the trade-off

Take two hypothetical owners, each with a £2.2 million main home and sufficient equity for security. Assume neither qualifies through disability and all other conditions are met. The first has £30,000 of income but £500,000 of readily accessible savings. An "or" test admits that owner; an "and" test does not. On those facts, a £2,500 charge is not a shortage-of-cash problem.

The second has £40,000 of income and £5,000 of savings. Stipulate that tax and documented essential housing or care costs leave only £2,000 for the charge, and using the small reserve would compromise those essential needs. The £2,500 charge then leaves £500 unfunded. "Or" admits the household; strict "and" excludes it. Gross income alone has missed the difficulty.

The case for "or" is speed, simpler decisions and fewer hard cases falling through the net. Because the debt remains secured and bears interest, wider access is not the same as forgiving tax. But it also opens a public deferral facility to the first household despite ample available funds. That is difficult to justify against the stated targeting purpose.

Strict "and" targets limited income and limited savings together, but the second household shows its weakness. BHP would therefore add a nationally defined review of essential expenditure, reasonably accessible capital and temporary income disruption, with evidence requirements, reasons for refusal and a review route. Discretionary lifestyle spending or artificial depletion of savings should not establish hardship. The separate disability route should remain available on its own conditions.

This costs more to administer than a binary test. Our judgement is that focused review of exceptional cases is preferable to either routine deferral for well-funded households or automatic rejection of evidenced hardship. That recommendation concerns financial access to deferral; it is not an endorsement of every aspect of the surcharge.

Deferral changes payment timing, not the initial charge. Charges and interest accumulate against equity, alongside any existing mortgage. A family transfer may trigger settlement; keeping ownership within the family should not be assumed to preserve deferral. Trustee liability, including the proposed treatment of bare trustees, does not itself establish eligibility under the individual scheme. [5]

Our conclusion is "and", qualified by a controlled hardship route. Once admitted, the owner needs a projection of the balance and its payment event using the eventual rate, duration and uprating. The bill is postponed, not pardoned.

3 Offshore trusts

Keep it only if it still has a job

The tax rules have changed, but the first question is still a family question: what is the trust for?

Since 6 April 2025, the former foreign-income protection for many settlor-interested trusts has ended. In broad terms, income can now be treated as the UK-resident settlor's income under the settlements rules, subject to the separate four-year Foreign Income and Gains regime where its conditions are met. [6]

There is an important cash-flow point. Where tax is charged to the settlor under the relevant rules, section 646 ITTOIA 2005 can allow the settlor to recover relevant tax paid from the trustees or another person entitled to the settlement income. But a right to recover tax is not the same as having cash available on demand. The trust may hold illiquid assets, there may be overseas enforcement issues, and reimbursement reduces the fund available for beneficiaries. [7][8]

The bigger question is purpose

Tax should not be allowed to obscure why the trust exists. A trust may still provide valuable protection for a vulnerable beneficiary, succession control, family governance or separation of ownership. Those benefits can justify cost and complexity.

But a trust that no longer performs a useful function deserves a harder look. Continuing because "we have always had it" is not a strategy. Annual administration, adviser costs, tax exposure and practical restrictions can become a permanent drag on family wealth.

Equally, dismantling a trust simply because the tax environment has become less favourable can be expensive. Appointments, distributions or restructuring may themselves create tax, legal and cross-border consequences. The comparison is therefore between the real cost and purpose of keeping the structure and the real cost and consequences of changing it.

BHP Summary

Start with purpose, not tax. If the trust still protects somebody, controls succession or performs another job that matters, price that benefit properly before changing anything. If the purpose has disappeared, the tax changes are a good reason to ask whether the structure should disappear with it.

The best review is not "is the trust tax-efficient?". It is "what does the trust achieve today, what does it cost to keep, and what happens if we unwind it?". That is a much easier question for a family to understand—and usually the more useful one.

4 Taxes on wealth

Fix the leak before adding another tax?

The wealth-tax debate is often presented as a choice between being "for" or "against" taxing wealth. The more useful question is what problem the tax is supposed to solve.

This article draws on research undertaken by Simon Howley for the MSc in Taxation at the University of Oxford. The central argument is straightforward: identify the weakness in the existing system first, then ask whether a targeted repair or a new recurring tax is the better tool. [11]

One obvious example is capital gains at death. Under the ordinary CGT rule, death is not treated as a disposal by the deceased and the personal representatives generally acquire assets at market value. In broad terms, that can mean gains built up during life disappear from the CGT calculation at death, although inheritance tax is a separate regime and may still apply. [12]

That raises a legitimate policy question. If the concern is specifically that accrued gains can escape CGT at death, should the answer be a targeted change to that rule? Or should the UK introduce an annual tax based on the value of wealth? Those are not the same policy.

Two different jobs

A targeted CGT reform would focus on the gain that has built up. An annual wealth tax would do something broader: charge for owning wealth year after year, whether or not the asset has produced income or been sold. It would therefore need repeated valuations, rules for private businesses and illiquid assets, payment arrangements and a clear answer to what happens when values fall.

The OECD's work on taxation and inequality also points toward looking at the tax system as a whole—income, gains, ownership and transfers—rather than assuming that one new tax can be judged in isolation. [9]

This does not make an annual wealth tax inherently wrong. It means its purpose should be stated honestly. If the aim is to raise an annual contribution from very large fortunes, that is one debate. If the aim is merely to stop accrued gains disappearing at death, a narrower repair may achieve the objective with less machinery.

BHP Summary

BHP's preference is to define the problem before designing the tax. If the problem is the CGT treatment of gains at death, start by testing a targeted reform of that treatment. Do not introduce an annual wealth tax and then describe it as though it were simply closing the same gap.

The case for a broader wealth tax has to stand on its own merits: revenue, fairness, valuation, liquidity, administration and behaviour. That is a more interesting debate than arguing about the label "wealth tax", because it forces the policy to explain what job it is actually being asked to do.

5 Inheritance tax

The pension change is not the whole story

April 2027 changes the order in which many families will think about wealth. But the strongest recent evidence suggests the political and planning reach of inheritance tax is being driven by the whole balance sheet, not pensions alone.

Tax Policy Associates' 19 September model estimates that 20.3% of pensioner households in England and Wales would be within inheritance-tax exposure if the pensioner and any spouse died at the model date in April 2027. TPA is explicit that this is a snapshot of potential exposure, not a forecast of how many estates will eventually pay. It models living households, not deaths, and acknowledges that spending, gifting, care costs and planning will reduce eventual liability. [13]

That distinction is more than methodological housekeeping. HMRC's familiar statistic that fewer than 5% of estates currently pay IHT answers a different question: how many estates actually paid in a historic year. TPA asks how many living households have a rational reason to care now. In same-day commentary, Dan Neidle of Tax Policy Associates used that contrast to explain why IHT can matter politically to many more households than ultimately pay it. BHP treats that as a behavioural and political observation, not a liability forecast: political salience, planning behaviour and eventual receipts operate on different denominators. [13][14]

Pensions alter the planning hierarchy

Finance Act 2026 brings most unused pension funds and pension death benefits into the estate for deaths from 6 April 2027. HMRC's May 2026 technical note says continuing annuities and specified exempt benefits sit outside the new charge, while personal representatives become responsible for the estate-level IHT process with supporting payment machinery. The nil-rate band remains £325,000 through 5 April 2031 and the residence nil-rate band £175,000, with the £2 million taper threshold frozen as well. [15][16]

TPA expected the pension rule to move its exposure numbers sharply. It did not. The model records about £322 billion of inheritable defined-contribution pension wealth against roughly £5.575 trillion of property, savings and possessions for the relevant cohort; it also finds that only about 40% of exposed pensioner households are over the line solely because of nominal house-price gains. Those results do not make the pension reform unimportant. They show that it is being layered onto a much larger stock of non-pension wealth. [13]

The practical change is therefore behavioural. For years, a common retirement-planning logic was to spend taxable or estate assets first and preserve the pension because the pension could sit outside the estate. From April 2027, that ordering rule is no longer generally reliable. A pension draw can create income tax; retaining the fund can now contribute to IHT; spending other assets may reduce liquidity; gifting introduces seven-year and affordability questions. The comparison has to be household-wide rather than wrapper-by-wrapper.

BHP Summary

April 2027 should be treated as a portfolio-ordering event, not a stand-alone pension-tax event. The question is not simply whether to 'use the pension first'. It is which asset should fund spending, gifts and contingencies after income tax, IHT exposure, investment return, liquidity and the family's actual objectives are compared on the same basis. Frozen thresholds make that exercise more important because nominal growth can move more households into the zone even without another rate increase.

The TPA model also warns against headline precision. It is intentionally approximate, excludes real-life gifting behaviour and has known weaknesses for farms and family companies. BHP would use it to challenge the idea that IHT concerns only the small percentage of estates that currently pay, but not to tell an individual family what its bill will be. The correct planning response is a balance-sheet model with dates and cash flows, not a constituency heat map. [13]

6 Buy-to-let

The easy-growth era is over

Buy-to-let can still work. But the market now rewards income, resilience and management far more than the old assumption that rising prices will rescue a weak deal.

Official ONS data underline the change in backdrop. In the 12 months to August 2026, average UK private rents rose 3.8%, while average UK house prices rose only 1.4% in the 12 months to July. Rent is still growing, but capital growth is modest. [17]

At the same time, the operating environment has become more demanding. In England, the Renters' Rights Act changes took effect from 1 May 2026, including the move to assured periodic tenancies and the end of section 21 "no-fault" possession. For individual landlords, the restriction on relief for residential finance costs also remains part of the tax landscape. [18][19]

Property is now more obviously a business

That combination matters. A landlord cannot sensibly rely on house-price growth to absorb higher borrowing costs, tax friction, repairs, voids and regulatory obligations. The investment has to earn its place from the cash flow it can realistically produce now.

Company ownership can change the tax treatment of finance costs and retained profits, but it is not an automatic answer. Moving an existing personally owned portfolio into a company can itself create CGT, SDLT/LTT/LBTT, refinancing and legal issues. Structure should follow the economics, not substitute for them.

For a sophisticated investor, the useful question is therefore not whether "property beats shares". It is whether this particular property, with this debt, in this ownership structure, produces an acceptable return after tax, finance, maintenance, regulation and a realistic exit assumption.

BHP Summary

Buy-to-let is not dead; the easy-growth version of it is. The strongest portfolios will be those that can carry their costs without needing rapid capital appreciation to make the numbers work.

BHP would treat every acquisition as an operating-business decision. If the return survives today's interest cost, tax rules, realistic voids and repairs, and a conservative exit value, the property may still be compelling. If it only works by assuming the next decade looks like the last property boom, it is not a strategy - it is a hope.

7 Annuities

When a pension starts behaving like retirement income again

Higher gilt yields are improving guaranteed-income pricing at the same moment that unused pension wealth is losing much of its inheritance-tax privilege. That combination changes the comparison—but does not turn an annuity into an estate-planning shortcut.

Official FCA data already show a clear revival in annuity use. Annuity sales rose 38.7% in 2023/24 and a further 7.8% in 2024/25, to 88,430 plans. That does not tell us why every buyer chose an annuity, but it does show that guaranteed lifetime income has moved back into the mainstream retirement conversation. [20]

The attraction is easy to understand. An annuity converts capital into a guaranteed income stream and removes investment and longevity risk from that slice of the pension. The trade-off is equally important: once capital has been exchanged for the income promise, flexibility and access to that capital are reduced.

Tax changes the opportunity cost of annuitising

From 6 April 2027, most unused pension funds and death benefits fall within the estate for IHT. HMRC's technical note expressly excludes continuing annuities from the new measure. That reduces one former estate-planning advantage of keeping a large untouched defined-contribution pot, while increasing the relative attraction of converting some capital into lifetime income where guaranteed income is independently wanted. [15]

The key phrase is 'independently wanted'. Annuity income is taxable as pension income. Capital used to buy the annuity is no longer available for discretionary withdrawals, investment or an outright legacy except to the extent the contract provides spouse benefits, guarantees or protection. Adding those features normally changes the rate. For a family with ample non-pension income, buying an annuity solely to shrink an estate can therefore be a poor exchange: it may solve a tax exposure by creating an unwanted income stream and giving up capital optionality.

For another household, the same transaction can be coherent. A guaranteed income can fund regular living costs, reduce sequence-of-returns risk and make other assets easier to invest or gift. If surplus income is later gifted, the separate IHT exemption for normal expenditure out of income has its own conditions and evidence requirements; the annuity does not create an automatic exemption. The tax effect must remain downstream of the income decision, not the reason to pretend the income is needed.

BHP Summary

The 2027 reform is helping return pensions to their original economic question: how much future income does the holder want to insure? For HNW families, the correct comparison is not annuity versus drawdown on headline rate alone. It is guaranteed after-tax income and longevity protection versus retained capital, investment flexibility, beneficiary outcomes and estate tax. The answer can rationally differ across tranches of the same pension.

The renewed interest in annuities is strategically interesting, but it is not a recommendation. What has changed is the comparison. A large untouched pension is no longer automatically the obvious asset to preserve for heirs once the April 2027 IHT rules are taken into account.

8 Family offices

A licence is not a tax residence

Family-office location is often sold as a jurisdictional beauty contest. For a UK-connected family, the harder question comes first: where do the people, decisions and legal owners actually sit?

For a UK-connected family, the tax analysis should start with residence and control, not with a licence or a jurisdictional marketing brochure. A family office can sit in one country while the family members, companies, trusts and investment decisions remain taxable or resident somewhere else. HMRC's rules apply entity by entity. [21][22]

There is no single "control" test that decides every entity in a family-office stack. A non-UK incorporated company may be UK resident if its central management and control is exercised here, subject to treaty rules and the facts. HMRC's company-residence guidance makes clear that board location is evidence, not a safe harbour: the question is where the real high-level control actually takes place. [21]

Trusts need their own residence analysis

Trust residence is different. HMRC's post-6 April 2025 guidance looks to the residence of the trustees and, in mixed-trustee cases, can also require attention to the settlor's residence when property was introduced. That is a separate statutory framework, not simply the corporate control test applied to a trust. [22]

That matters because a family office can contain several layers at once: principals, a service company, holding companies, trusts or foundations, investment partnerships and local regulated vehicles. Each may have a different residence, source, permanent-establishment, anti-avoidance and reporting analysis. Moving one licence does not move the others. Conversely, genuine relocation of decision-makers and operations can have consequences well beyond the licence itself.

Substance therefore cannot be reduced to rented desks and meeting minutes. The operating model must answer who hires staff, who selects managers, who approves acquisitions, who has bank authority, where investment committee decisions are made, which directors can say no and where records and advisers sit. If the written governance says Dubai while the principal makes every material decision from London, the contradiction is evidential as well as commercial.

BHP Summary

Jurisdiction should be chosen after a family has mapped residence and decision rights entity by entity, not before. The starting document should be a control map: the principals' residence, the legal owners of assets, trustee composition, corporate boards, delegated authorities, regulated functions and the countries in which those functions will genuinely be performed. Only then does it make sense to compare UAE, Singapore, Hong Kong, the UK or another centre.

A jurisdiction can still win that comparison for tax, treaty access, regulation, banking, succession law or people. But if the family cannot live with the governance needed to sustain the answer, the apparently optimal regime is not optimal. The best family-office jurisdiction is the one whose legal and tax assumptions the family can actually operate for years, not the one with the most attractive brochure.

9 Scotland's high-value homes

Count the tax that might disappear as well as the tax being raised

Scotland's proposed high-value Council Tax bands are designed to raise recurring local revenue from a very small group of homes. The interesting policy question is whether the behavioural response also changes the highly concentrated LBTT base. Those two revenue lines should not be analysed in isolation.

The Scottish Government has committed to two new high-value Council Tax bands from 1 April 2028, based on estimated 1 April 2026 values: Band I for properties over £1 million up to £2 million and Band J above £2 million. The July 2026 consultation illustrated annual charges around £720 and £3,600 above the average Band H charge respectively, with final multipliers to be set through legislation after consultation. The government expects fewer than 1% of homes to be affected and says the revenue will be retained locally. [23]

Official Revenue Scotland statistics show why the interaction with transaction tax matters. In 2024/25, transactions in the £325,000 to £750,000 band made up 17% of residential returns but generated 61% of residential LBTT revenue. Monthly 2026 data also show that transactions above £750,000 are relatively few - typically around 100 to 150 returns in the months reported - yet they sit in the highest LBTT band. [24][25]

A small transaction response can matter

The arithmetic is asymmetric. An annual surcharge is collected from the stock of high-value homes; LBTT is collected when the asset changes hands. Because the upper end contributes a disproportionate share of LBTT, a modest change in the timing or number of expensive transactions can have a visible fiscal effect even though those transactions are rare. That does not prove the new bands will reduce sales. It identifies the elasticity that the policy assessment needs to measure.

Nor can the two taxes simply be netted as if they belonged to one budget line. Council Tax revenue is local, while LBTT is part of the devolved Scottish tax system. Distribution, predictability and who bears the charge differ. A recurring property charge may be more stable than a transaction tax and can reduce reliance on turnover; equally, if it locks owners in or pushes buyers below valuation thresholds, the wider property-tax system can become less efficient even while the surcharge meets its own forecast.

Affordability adds another layer. The Scottish consultation acknowledges asset-rich, income-poor households and discusses possible transitional, deferral or Council Tax Reduction protections. A deferral regime would turn part of an annual bill into a claim realised later, changing the timing of public receipts as well as the household cash-flow effect. [23]

BHP Summary

The Scottish measure should be evaluated as part of a combined property-tax system. The success metric should include the annual revenue raised, the cost of valuation and appeals, affordability protections, changes in high-value transaction volume and any resulting LBTT effect. Publishing only the gross Council Tax yield would answer too narrow a question.

The official statistics make this a testable policy question. Before implementation, the Scottish Government can publish a baseline for high-value transaction numbers and LBTT receipts, state the behavioural assumptions in its costing and then monitor the same measures after introduction. If transactions are unchanged, the concern weakens. If activity at the top end falls materially, the policy should be judged against the wider property-tax effect, not merely the amount collected through Bands I and J.

Sources and acknowledgements

Publication: 22 September 2026. Articles 1–4 use information checked to 21 September 2026; Articles 5–9 use information checked to 22 September 2026. Earlier research is dated. References support the stated propositions, not every BHP inference. BHP's summaries and analytical connections are independently written. No third-party chart, image, research table, substantial passage or commercial dataset is reproduced.

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[22] HM Revenue & Customs, TSEM10050 and related Trust Registration Service guidance including TRSM21020, current 2026 versions, on trust residence and non-UK trusts. Official guidance; the statutory rules govern.

[23] Scottish Government (6 July 2026), Council Tax High-Value Property Bands (Mansion Tax): consultation, including proposed Bands I and J, valuation date, illustrative charges and discussion of affordability protections. Official proposal, not final enacted multipliers.

[24] Revenue Scotland, Annual Land and Buildings Transaction Tax Statistics, Summary for 2024/25. Official statistics: residential transactions in the £325,000 to £750,000 band accounted for 17% of residential returns and 61% of residential LBTT revenue.

[25] Revenue Scotland, Land and Buildings Transaction Tax monthly statistics for June–August 2026. Official statistics used to illustrate the relatively small monthly number of residential returns in the £750,000+ band and the continuing concentration of activity across higher tax bands.

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