

INHERITANCE TAX CHANGES

What Farmers and Landowners Should Be Thinking About Now

Inheritance Tax has become one of the biggest talking points around many farm kitchen tables over the last 18 months.

Since changes to Agricultural Property Relief (APR) and Business Property Relief (BPR) were announced and subsequently clarified, many farming families have been asking the same question: what does this mean for us?

Whilst the changes have understandably caused concern, our experience is that many businesses have more options available to them than they initially think. The challenge is understanding the position early, quantifying any potential liability and putting a plan in place.

WHAT HAS CHANGED?

Historically, qualifying agricultural and business assets could often benefit from unlimited 100% relief from Inheritance Tax.

Under the revised rules, from 6 April 2026 a combined £2.5 million allowance applies to qualifying assets benefiting from 100% Agricultural Property Relief and Business Property Relief. Assets above this threshold may only receive 50% relief, creating a potential Inheritance Tax liability where previously none may have existed.

For some businesses, this will have little impact. For others, particularly those with significant landholdings, diversified assets or multiple generations involved in ownership, it may require a fundamental review of succession plans.

UNDERSTANDING THE REAL EXPOSURE

One of the most common conversations we are having with clients is around understanding the actual liability.

Many farming businesses have never undertaken a detailed assessment of their potential Inheritance Tax exposure. In some cases, assumptions have been made based on historic rules that no longer apply.

Before considering solutions, it is important to establish:

- What assets are owned and by whom
- Which assets qualify for APR or BPR
- Whether non-business assets sit within the estate
- How ownership structures impact reliefs
- The likely tax exposure under current rules

In our experience, once the numbers have been properly assessed, the position is often less daunting than many families fear.

Gary Markham of Land Family Business, who joined us at our CLA event earlier this year, reinforced the importance of understanding the position early. In his view, the earlier families understand their asset values and begin succession conversations, the more options they are likely to have. For many farming and landowning businesses, proactive planning will be central to protecting long-term value, managing future tax exposure and supporting continuity for the next generation.

SUCCESSION PLANNING MATTERS MORE THAN EVER

Whilst much of the discussion has focused on tax, succession planning remains the bigger issue for many businesses.

Questions farming families should be considering include:

- Who will own the business in the future?
- Who will manage the business?
- Are assets held by the right individuals?
- Is the current business structure still appropriate?
- Have family expectations been discussed openly?

The most successful succession plans are rarely driven solely by tax. They are built around the long-term objectives of the family and the business.

OPPORTUNITIES TO PLAN STILL EXIST

The recent changes have not removed opportunities to plan.

Lifetime gifting, trusts and corporate structures may all continue to have a role, depending on individual circumstances.

However, these decisions should never be considered in isolation. Inheritance Tax planning often has implications for Capital Gains Tax, Stamp Duty Land Tax, cashflow and business viability.

Every business is different and solutions that work for one family may be entirely inappropriate for another.

HOW NEWTON LDP CAN HELP

At Newton, we work closely with farming businesses, landowners and their professional advisers to understand both the assets and the people behind them.

Our role often includes:

- Reviewing ownership structures
- Assessing potential Inheritance Tax exposure
- Supporting succession discussions between generations
- Considering gifting and business restructuring options
- Working alongside accountants, solicitors and tax advisers to implement practical solutions

Importantly, we focus on ensuring any strategy works for the business as well as the family.



OUR PERSPECTIVE

"Whilst the changes have understandably caused concern across the industry, most businesses still have options available to them.

The key is understanding the position early, considering the opportunities to planning available and having the right conversations with family members and advisers.

In many cases, putting a plan in place removes a significant amount of uncertainty and allows families to focus on the future of the business."

William Young

Director of Rural, Newton LDP

CONCLUSION

The Inheritance Tax changes have undoubtedly altered the planning landscape for farmers and landowners.

However, uncertainty should not lead to inaction.

Understanding the position early, reviewing ownership structures and having open conversations about succession can make a significant difference to future outcomes.

If you would like to discuss how these changes may affect your business, please contact Newton's Rural and Agribusiness team.



Will Young - Director of Rural

will.young@newtonldp.com

07810 378192