

Navigating the Rising Inheritance Tax:

Key Insights for Farmers and Business Owners



The financial landscape for farmers and business owners in the UK is rapidly evolving, particularly when it comes to Inheritance Tax (IHT).

Over the past five years, IHT receipts have surged by more than 50%, and the Office for Budget Responsibility (OBR) predicts that this trend will continue in the coming years*.

In the first four months of the 2025-26 tax year alone, IHT receipts have already reached £3.7 billion, surpassing the same period last year by £0.2 billion**. As the economic landscape stabilises post-pandemic, the implications of these figures for farmers and business owners cannot be overstated.

*Source: HM Revenue and Customs, Inheritance Tax Liabilities Statistics Commentary, updated 31st July 2025.

**Source: www.gov.uk – Accredited official statistics. HMRC tax receipts and National Insurance for the UK. Released 19th September 2025.

A particularly critical change that farmers and business owners need to focus on is the announcement made by the Chancellor of the Exchequer on October 30, 2024. The proposed reforms to Agricultural Property Relief (APR) and Business Relief (BR) will bring significant implications starting April 6, 2026. It has been announced that both APR and BR will be subject to a £1 million cap; any value exceeding this will only be eligible for relief at 50%. This means that, while the relief still exists, farmers and business owners must now navigate a more complicated landscape, especially those with substantial agricultural land or business assets. Moreover, the government is advancing its plan to include most pensions in estates for deaths occurring after April 6, 2027.

Irrespective of the APR/BR and pension changes, the frozen nil rate bands is impacting on IHT liabilities. Since 2010, the nil rate band, which determines the threshold below which no IHT is charged, has been stagnant. As property values and business valuations continue to rise, more estates are being pushed above this threshold, resulting in a higher tax burden for many. For farmers, this can translate into significant financial strain, especially when considering the rising value of agricultural land.

In summary, as IHT liabilities continue to climb, farmers and business owners must remain vigilant about the evolving tax landscape. Collaboration with financial advisers and estate planning professionals can provide critical insights and tailored strategies to navigate these changes, ensuring that both legacies and livelihoods are protected against the increasing burden of inheritance tax. The call to action is clear: proactive measures and timely responses will be essential to safeguard the future of farms and businesses in an uncertain financial environment.

So, why should you talk to us?

Our simple and joined-up approach to tax and financial planning allows us to provide you with sound professional advice, giving you peace of mind ahead of making any decisions. Our friendly, helpful and expert team can review your current situation and put in place a comprehensive and bespoke Inheritance Tax strategy. We can also liaise with our trusted specialist partners. These include lawyers and other specialists to ensure you are covered for every eventuality. We help by providing tax efficient solutions for you to pass on your wealth, and we look after the complicated things, so you don't have to worry.

The levels and bases of taxation, and reliefs from taxation, can change at any time. The value of any tax relief is dependent on individual circumstances.

Effective succession planning is about ensuring your farm/business remains a thriving legacy for future generations. Early and transparent family discussions are essential for creating a lasting plan.

Visit our website and download our 'Secure your Family's Legacy' booklet. Scan the QR code or visit accessionfp.co.uk

