



HOUSE OF COMMONS

LONDON SW1A 0AA

Rt Hon Rachel Reeves MP

Chancellor of the Exchequer

HM Treasury

1 Horse Guards Road

London

SW1A 2HQ

6th November 2024

Dear Chancellor,

We are writing to you as parliamentarians, representatives of farming and rural community organisations, and rural advocates, to express our deep concern and urge an urgent reconsideration of the changes to Agricultural Property Relief (APR) and Business Property Relief (BPR) announced in the Budget. The changes to these longstanding reliefs present serious and potentially devastating challenges to family farms across the United Kingdom and our nation's food security.

APR and BPR have long been lifelines, allowing farming families to sustain their land, our food security and the nation's rural heritage through generations. Farms do not have liquid wealth; farmers rely on land as their primary business asset to produce food and turn, often a small profit, but have a very constrained cash flow. For many, passing on the family farm is not merely a matter of inheritance but ensures food security, local employment and a way of life that has shaped our rural communities and economies for generations.

The government's assertion that these changes will only affect the "richest estates" fundamentally misunderstands the nature of modern farming operations. With an average UK farm size of approximately 217 acres and using the average GB agricultural land value of £8,200/acre (which by definition will undervalue many farms), even modest family farms easily exceed the £1 million threshold. Even more acute is the impact on arable farms, where the average value last year ranged from £8,700/acre to £10,100/acre, depending on the land grade. The change to APR/BPR in the budget is not, therefore, a measure targeting wealthy tax avoiders but will impact genuine family farming operations across the country. The claim that 75% of farms will be unaffected relies on historical APR claims data that includes many small land holdings rather than working farms. The certainty is that most commercially viable family farming operations will face crippling new tax bills.

The reality of these changes is deeply concerning. Following a death where other assets use the Nil Rate Bands and combined assets of land, farm dwellings, machinery, livestock, and other farming assets have a value of £4 million would face a £600,000 inheritance tax bill. Yet, a farm typically generates annual profits of less than 1% of their capital value. These are not profit margins that allow for tax planning or building reserves to meet the new tax obligations. With ever-changing margins and farm income already stretched

thin, many families will have no choice but to sell portions of their working farm to pay the tax bill. This will break up long-standing family farms and push more agricultural land into the hands of large corporations, threatening both local food production and the character of our rural communities. For diversified farms that have developed additional business enterprises to remain viable, the combined impact of the changes to both APR and BPR is particularly severe. The impact could be devastating.

This will not only impact owner-occupied farms. The industry is warning and indeed had warned repeatedly in the run-up to the Budget that the impact on tenant farmers would be severe. The projections are shrinking in the availability of agricultural land to rent. It must be remembered that without the required quantum of capital to purchase a farm of commercial scale, many young and new entrant farmers begin their careers on let holdings. Therefore, this change will disproportionately hit the very generation of farmers who are trying to be encouraged into the sector.

While we understand the intent to address APR's use in broader asset management, this change, if left unaltered, inadvertently penalises genuine family farms. The careful environmental stewardship that comes from long-term family ownership, the social fabric of rural communities, and the expertise passed down through generations are all put at risk.

We particularly note that this represents a significant reversal of Labour's position. Secretary of State Steve Reed explicitly stated at the CLA conference in November 2023: "We have no intention of changing APR." This sudden shift has shattered trust within the farming community at a time when confidence in the sector is already at historic lows. While your government speaks of championing British farmers, this tax change fundamentally undermines those objectives. What is more, the estimated revenue raised, approximately £0.5bn, is modest compared to the damage inflicted on British agriculture and in consideration of the sums spent in other areas in the Budget.

Considering these concerns, we respectfully ask that you rescind these reforms to APR and BPR and engage in an open dialogue with representatives from our rural communities, including the National Farmers Union, NFU Scotland, Tenant Farmers Association, Country Land and Business Association, Scottish Land and Estates and other farming and business organisations. In this effort, we would be keen to see you engage with the farming community to develop a more sustainable approach that protects family farming in the UK.

Yours sincerely,

Harriet Cross MP
Rt Hon Victoria Atkins MP
Stuart Anderson MP
Rt Hon Stuart Andrew MP
Gareth Bacon MP
Dame Harriett Baldwin DBE MP

Peter Bedford MP
Saqib Bhatti MBE MP
Sarah Bool MP
Andrew Bowie MP
Rt Hon Dame Karen Bradley DBE MP
Aphra Brandreth MP



Rt Hon Suella Braverman KC MP
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Sir Geoffrey Clifton-Brown MP
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Simon Hoare MP
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Greg Smith MP
Rt Hon Sir Julian Smith KCB CBE MP
Rebecca Smith MP
Andrew Snowden MP
Dr Ben Spencer MP
Patrick Spencer MP
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The Viscount Trenchard

British Dairying
British Independent Retailers Association
British Sandwich & Food to Go Association
Country Life
Dairy Farmer
Farm Retail Association
FarmingUK
National Federation of Young Farmers' Clubs
National Pig Association
National Sheep Association
Royal Association of British Dairy Farmers
Scottish Land & Estates
Tenant Farmers Association