

# Agricultural Property Relief and Business Property Relief

The new rules apply from 6 April 2026

**In the Autumn Budget, the Government announced significant changes to two valuable Inheritance Tax (IHT) reliefs, which will be effective from 6 April 2026.**

In short, under the IHT rules as they stand today, most ownership interests in businesses and farms are not subject to IHT when they are transferred on death, regardless of their value. However, under the proposed changes, these two reliefs will be subject to a combined cap of £1m, with any value exceeding £1m benefitting from 50% relief rather than 100% relief. Given that the headline rate of IHT is 40%, that means that the applicable rate in respect of transfers exceeding the cap will be 20%.

This is a hugely significant change for business and farm owners. Those impacted should carefully consider their position with a view to mitigating the potential impact on their heirs, as well as the business or farm in question.



## Changes from 6 April 2026

The Government intends to make significant changes to APR and BPR with effect from 6 April 2026, which will materially reduce their value. In short, the proposed changes are as follows:

- As things stand, BPR is available at the rate of 100% in relation to 'unquoted shares', which means shares that are not listed on a recognised stock exchange. Not all stock exchanges are 'recognised' for these purposes, most notably the alternative investment market (AIM). The Government has confirmed that it intends to change the legislation such that shares which are listed on AIM (and similar exchanges) will attract 50% relief, rather than 100%.
- The Government intends to introduce a £1m cap on the availability of 100% relief under APR and BPR (this being a combined cap for both reliefs). The £1m cap is per individual and for their lifetime. Where the value of assets qualifying for 100% relief exceeds the £1m cap, the excess will be subject to relief at 50% (giving an effective IHT rate of 20%). It should be noted that the Government plans to introduce anti-forestalling rules in respect of lifetime gifts made between 30 October 2024 and 5 April 2026 (inclusive) which will ensure that if the transferor dies on or after 6 April 2026, but within seven years of the gift, then the gift will be subject to this £1m cap (without this rule, there would be a significant incentive to gift relevant assets between now and 5 April 2026).

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## What should clients be doing?

In the first instance, we are recommending that our clients do not make any hasty decisions on the back of these announcements. We are recommending that they do take advice. The reasons for this are:

- The significant changes to these reliefs are not due to become law until 6 April 2026, however some possible solutions are limited and must take place before 6 April 2026 so early advice is essential.
- We have already seen a significant backlash against the Government in relation to these changes. That backlash could result in a change or withdrawal of the proposed changes, particularly with respect to the proposed £1m cap. We could, for example, see a more targeted change to APR (such that those undertaking farming activities themselves are unaffected) and/or a more substantial cap. However, the reaction we have seen from the Government is that they seem intent on pushing on regardless.

However, if the changes do go ahead as announced, then clients should be thinking about the following:

- Updating Wills.
- Life Insurance.
- Lifetime gifts / Fragmentation of ownership.
- Divestment.
- Emigration.

## Would you like to know more?

If you would like to discuss any of the above, please speak to your usual Blick Rothenberg contact.



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