



Update on the reforms to Agricultural and Business Relief



Following the announcement in the Autumn Budget in October 2024, the Government have now published their draft legislation relating to their proposed Inheritance Tax (IHT) changes to Agriculture and Business Relief (APR/BR). The proposed reduction in IHT relief for agricultural land and assets could have a major impact on thousands of family farms.

Now the policy paper has been published the waiting and uncertainty is over, and farm owners need to address the impact the proposed legislation has on their own personal circumstances and seek professional advice.

Broadly speaking the changes that were announced in respect of agricultural and business assets aligned with previous announcements are as follows:

- From 6 April 2026 there will be a £1m allowance for 100% agricultural property relief and business property relief
- Any qualifying property over this amount will only receive 50% relief from inheritance tax. This allowance also affected any gifts made on or after 30 October 2024
- Before this, there was no restriction on the amount of agricultural property relief and business property relief that an individual could claim.

The allowance is also applicable to trusts with each trust created prior to 30 October having its own £1m allowance. However, caution is required as the applicability of relief will depend on the specific assets held in the trust pre-30 October 2024. Trusts created after this date, or indeed some trusts pre existing, will share the £1m allowance (per settlor).

The government has also confirmed it will press ahead with plans that mean most unused pensions will be subject to inheritance tax from April 2027. There will be no reliefs in this area.

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

Will writing involves the referral to a service that is separate and distinct to those offered by St. James's Place. Wills and Trusts are not regulated by the Financial Conduct Authority.

What you should do:

- Work with Accession to quantify your Inheritance Tax exposure
- Consider your family's long-term plans
- Consider the strategies available to help achieve your family's long-term plans. These include (but are not limited to):
 - Consider making outright gifts – but be aware that if you die after 6 April 2026, the new allowances will apply.
 - Consider how trusts may be used to help plan against your Inheritance Tax exposure
 - Check your will as the government has confirmed that the £1 million IHT relief allowance is not transferable.
 - Re-evaluate trusts: Especially those created post Oct 2024 - decide whether splitting trusts is beneficial.

If you would like to download a copy of our '**Secure your family's legacy**' booklet, which a practical solution for inheritance tax after the Budget, then please **scan the QR code** below or visit our website – **Accessionfp.co.uk**.

Whilst we are not expecting any significant changes to the details released in the consultation, we are currently reviewing the draft legislation in detail. The technical consultation on the draft legislation will run for 8 weeks ending on 15th September 2025. We will comment further on the implications of the changes in due course.



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