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APR & BPR UPDATES NAVIGATING THE NEW INHERITANCE TAX RULES

For farmers and business owners, inheritance tax planning has rarely felt settled and the last two years have been particularly unsettling.

Just when many felt confident their succession plans were sound, the rules changed. Then they changed again.

The Government's evolving approach to Agricultural Property Relief (APR) and Business Property Relief (BPR) has left many wondering where they now stand and what, if anything, they should be doing next.

WHERE WE STARTED

Until Autumn 2024, the position was clear. Eligible farming and business assets could pass to the next generation without triggering inheritance tax. This certainty allowed families to plan calmly and strategically, often years in advance.

That clarity disappeared overnight in the October 2024 Budget.

The proposal to restrict APR and BPR to £1 million per individual from April 2026 came as a shock. Values above that threshold would face a 20% inheritance tax charge, with additional complications for married couples and civil partners.

For asset-heavy, cash-light estates, particularly farms, this raised real concerns. How would a future tax bill be paid without selling land or disrupting the business? For some, accelerating gifts or restructuring ownership began to feel unavoidable.

A CHANGE OF DIRECTION

By November 2025, the Government acknowledged some of the practical issues and adjusted the proposals.

The allowance will automatically transfer between spouses, easing planning for couples and removing some of the complexity.

But it didn't fully restore confidence.

That came a month later.

In December 2025, the Government announced a far more substantial revision. The cap on relief was increased significantly, a move that materially changes the planning landscape.

From April 2026:
- Individuals will benefit from £2.5 million of APR/BPR
- Married couples and civil partners will have access to £5 million combined

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WHAT THIS MEANS NOW

If your estate is worth less than £5 million
For many families, the immediate inheritance tax risk has effectively been neutralised. This opens the door to more measured succession planning, allowing decisions to be driven by readiness, competence and long-term sustainability, not panicking about tax.

If your estate exceeds £2.5 or £5 million for a married couple
The position is improved, but not resolved. Any value above the threshold could still attract a 20% charge, meaning forward planning remains important. Lifetime gifting, trusts, and long-term ownership strategies may still be appropriate tools.

THE TAKEAWAY

While the Government has eased the pressure, succession planning remains essential.

Handing over a business or farm is never just a financial decision. It involves timing, trust, family dynamics and the future direction of the enterprise. Tax matters, but it shouldn't be the only factor shaping those conversations.

The latest changes to APR and BPR give many families the breathing space to plan properly, rather than react quickly.

In short, the rules may have softened, but the need for a clear, well-thought-out strategy hasn't gone away.

WE CAN HELP

As accountants working closely with farmers and business owners, our role goes far beyond calculating tax.

We can help with:

- Review existing wills and succession plans in light of the new thresholds
- Assess the value and structure of your business or farm, identifying potential exposure early
- Model different succession scenarios, so you understand the financial and tax implications before decisions are made
- Plan lifetime gifting or trust arrangements where appropriate, ensuring they align with both tax rules and family objectives
- Coordinate with solicitors and other advisers, so tax, legal, and commercial considerations work together

Most importantly, we help you move from uncertainty to clarity, replacing reactive decisions with a considered, long-term plan.

Contact us on **01753 888 211** or email **info@nhllp.com**, we are here to help.