Annual Farming Families Update

2026

Opportunities in a new era for farming

RickardLuckin
Chartered Accountants and Tax Advisers

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Annual Farming Families: Opportunities in a new era for farming

Chair

Caroline Peters
Director, Head of Agriculture

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Director, Head of Agriculture
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Agenda

16:00 - Registration, tea & coffee

16:30 - Presentations

17:30 - Q&A

18:00 - Drinks and canapés

18:30 - Close

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Disclaimer

This presentation has been carefully prepared but should only be considered general guidance. You should not act upon the information contained in this presentation without obtaining specific professional advice.

Please contact Rickard Luckin, Whirledge & Nott, or Knights to discuss these matters in the context of your circumstances.

Rickard Luckin, Whirledge & Nott, and Knights accept no responsibility for any loss incurred as a result of acting on information in this presentation.

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Speakers

Topic	Presenter
Introduction	Caroline Peters, Rickard Luckin
Succession planning in a new era	Christa Humphreys, Rickard Luckin
The future of farming and protecting the intergenerational farm	Caroline Dowding, Knights
Making land work harder: balancing farming, environment & energy	Grace Gardiner, Whirledge & Nott
An inside view: development and the shifting political landscape	Michael Hughes, Whirledge & Nott
Tax considerations when reviewing diversification & development opportunities	James Boustead, Rickard Luckin
Q&A	

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Succession planning in a new era

Christa Humphreys
Tax Associate

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The ‘Family Farm Tax’

- 2024 Autumn Budget introduced a cap on the amount of 100% APR and BPR relief that can be claimed by each person
- This now significantly restricts the amount a farmer can leave behind, tax-free, when they die

Looking sheepish…

This has been dubbed ‘The Family Farm Tax’

Deadline day - 6 April 2026!

6 April 2026!

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6 April 2026!

- Die before 6 April 2026 - **no Inheritance Tax**
- Die on or after 6 April 2026 - **potentially a massive Inheritance Tax liability**

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What if you didn’t take action before 6 April?

Don’t worry - it is NOT all over!

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Do you have an Inheritance Tax problem?

- Each person can leave up to £2.5m of qualifying APR and BPR assets to their descendants tax-free when they die *(plus their 'nil rate bands')*
- A married couple has a joint allowance of £5m
- BUT, if business worth less than your allowance, you could still be affected - e.g
  - value of business grows
  - £2.5m allowance is reduced or frozen

- **Action: baaaaa-nk reliefs whilst they are still available!**

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Make gifts to family

- Use £2.5m allowances of more family members against the value of the business
- But watch Capital Gains Tax!
- Check SDLT position

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Make gifts to a family trust

Trust has its own APR/BPR allowance

Capital Gains Tax is less of an issue - S260 holdover relief

Consider using trusts alongside gift to children to maximise use of APR/BPR allowances

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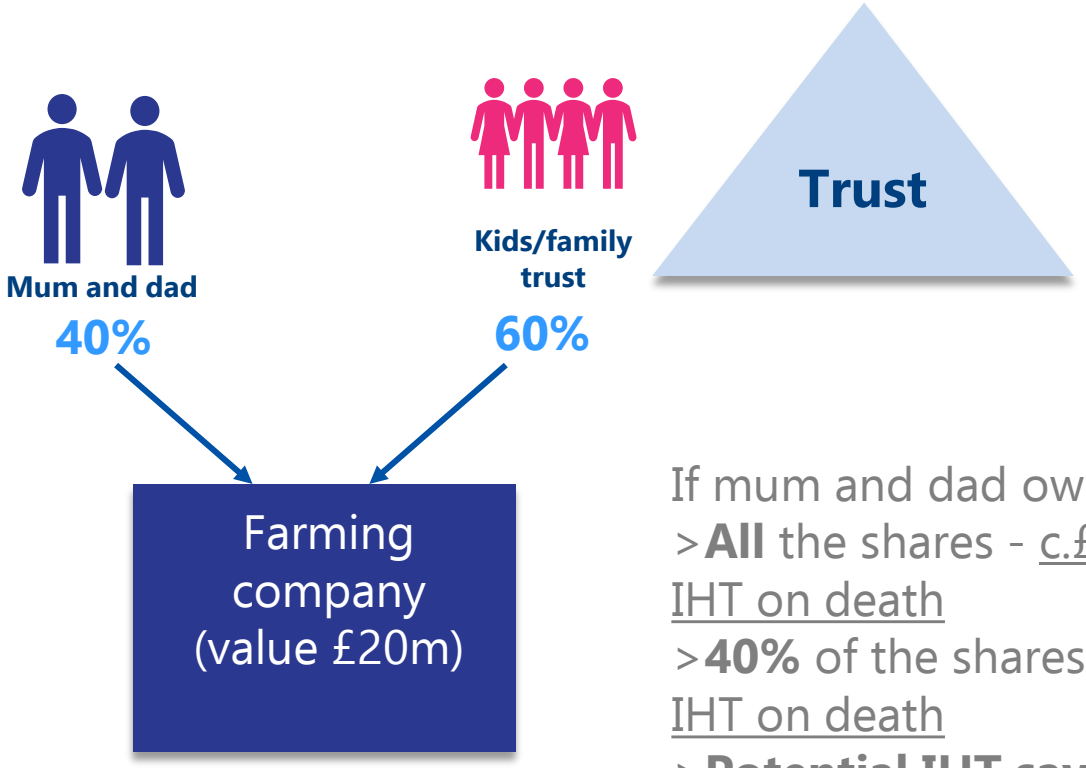
Consider incorporating your business

- Gift of shares is usually straightforward
- Opens up opportunities for more complex planning - e.g. growth shares
- May be possible to apply minority discounts to reduce values

Illustration of potential IHT position after incorporation/gifting



Mum & dad's shares: 40% of £20m less (say) 1/3rd minority discount = c. **£5m**

If mum and dad own:
>**All** the shares - c.£3m IHT on death
>**40%** of the shares - no IHT on death
>**Potential IHT saving of £3m**

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Carry on an APR/BPR health check

Action 1: check your APR/BPR position

Action 2: take action to unlock the relief

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Is gifting your farmhouse a good idea?

- Farmhouse may be using up a sizeable chunk of your APR allowance
- Gift farmhouse to kids?
- WATCH the GWROB rules!
- Pay market value rent if continue to live in it
- Consider pension drawdown to pay rent and save effective 67% tax rate on your pension pot

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And finally!

Other things to think about…

- Taking action to unlock the Residential Nil Rate Band (worth £140k in tax savings, but conditions apply)
- Making use of your rolling 7 year APR/BPR allowance
- Gifting assets now which are expected to increase in value before you die
- **Golden rule: don't give away more than you can afford** (GWROB risk)

Don't forget - if asset qualifies for BPR/APR, but mum and dad exceed their £5m allowance, the excess value still gets 50% relief - so there will be Inheritance Tax but at half the normal rate. So even if you exceed the allowance, it is still a valuable relief.

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Knights

The future of farming

and protecting the intergenerational farm

Caroline Dowding

23 June 2026

The future of farming

Knights

The future of farming rests on **innovation**, **resilience**, and **succession**.

Protecting farms requires legal structures, tax planning and managing family dynamics.

Intergenerational farms succeed because **they think in decades**, **not quarters**.

Family farms are more than businesses – they are living archives of knowledge, culture, and community identity.

Farms face pressure: limited food supply, rising costs, lack of government focus.

Why intergenerational farms matter

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Anchor rural economies and preserve landscapes

Carry knowledge across generations

Provide national food security

Require resilience during economic and environmental challenges

Long term thinking is essential

Protecting the farm

Financial resilience is often more critical than farming skill.

Biggest threat: to clear succession plan.

Essential actions:

- Identify roles for the next generation;
- Transfer knowledge intentionally; and
- Create a shared vision for the future.

A farm without a succession plan… is a farm at risk.

Why IHT planning matters

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Rising land values increase exposure to **40% IHT**.

Without planning, families risk:

- Forced land sales;
- Fragmentation of the farm; and
- Loss of APR/BPR.

Succession must be treated as a **strategic business process**.

Wills: the foundation

- A will is the blueprint for the farm's future;
- Ensures the farm passes to the intended successor;
- Protects APR/BPR;
- Prevents forced sales;
- Provides fairness for non-farming children;
- Reduces disputes;

- Tools used in farm wills:
  - Life interest arrangements;
  - Nil rate band planning; and
  - Discretionary provisions.

Trusts: long-term protection

Increasingly important after APR/BPR rule changes

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Trusts help:

- Ring fence land from divorce, debt, disputes;
- Maintain APR/BPR;
- Prevent fragmentation;
- Allow flexible income distribution; and
- Keep control with the older generation.

Types:

- Discretionary trusts;
- Life interest trusts; and
- Family investment companies.

Discretionary Trusts

- Misunderstood but powerful;
- Advantages:
    - Assets leave the estate after seven years;
    - Settlor retains control (but not benefit);
    - Flexible distribution of income; and
    - Protects against divorce, care costs, tax changes.

- Example from document:
    - Mr and Mrs Jones settle £5m into trusts tax free;
    - Remaining £5m stays within thresholds;
    - Trust income can be paid tax efficiently to grandchildren.

    'You decide who gets what, when and how – and only on your say so.'
- Admin required: annual accounts, tax returns, 10-year IHT reporting.

Gifts: reducing the estate

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Strategic gifting reduces IHT exposure

Transfers value early

Encourages next generation responsibility

Supports diversification

Risks: loss of control, vulnerability to divorce or financial instability

Must be tailored to the farm’s legal structure

Diversification and tax reliefs

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Diversification must protect APR/BPR.

Activities that **support** reliefs:

- Contract farming;
- Grazing licences;
- Renewable energy used by the farm itself; and
- Farm shops selling produce.

Activities that **risk** reliefs:

- Holiday lets;
- Commercial rentals;
- Campsites; and
- Wedding venues.

Understand the line between **trading** and **investment**.

Building a cohesive succession plan

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Combine:

- Updated Will;
- Trust structure;
- Gifting strategy;
- Tax aligned diversification; Partnership or Company?
- Life Insurance
- Governance Plan for next generation.

Closing message

The future of the intergenerational farm will be shaped not only by how we work the land, but by how we structure, protect, and pass it on.

Wills, trusts, gifts, and strategic diversification are essential tools.

Goal: keep the farm whole, resilient, and ready for the next generation.

Thank you

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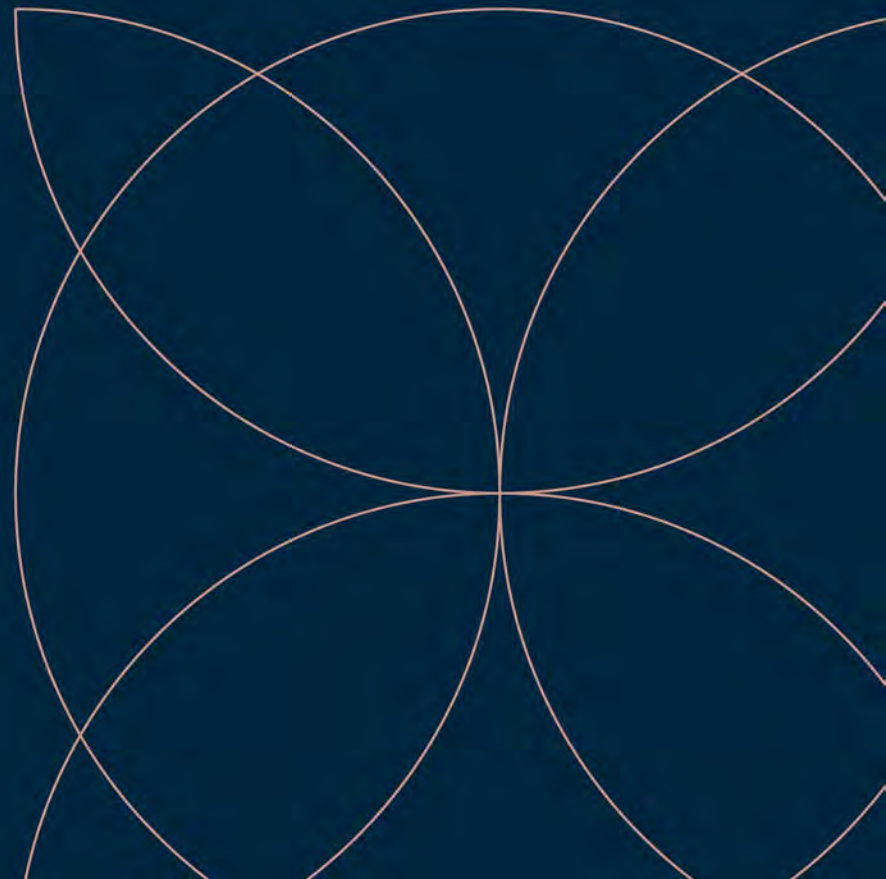

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Annual Farming Families: Opportunities in a new era for farming

Making land work harder: balancing farming, environment & energy

Grace Gardiner BSc (Hons) MRICS FAAV
Chartered Surveyor

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Sustainable Farming Incentive (SFI)

3 Year Agreements with quarterly payments

SFI options include:

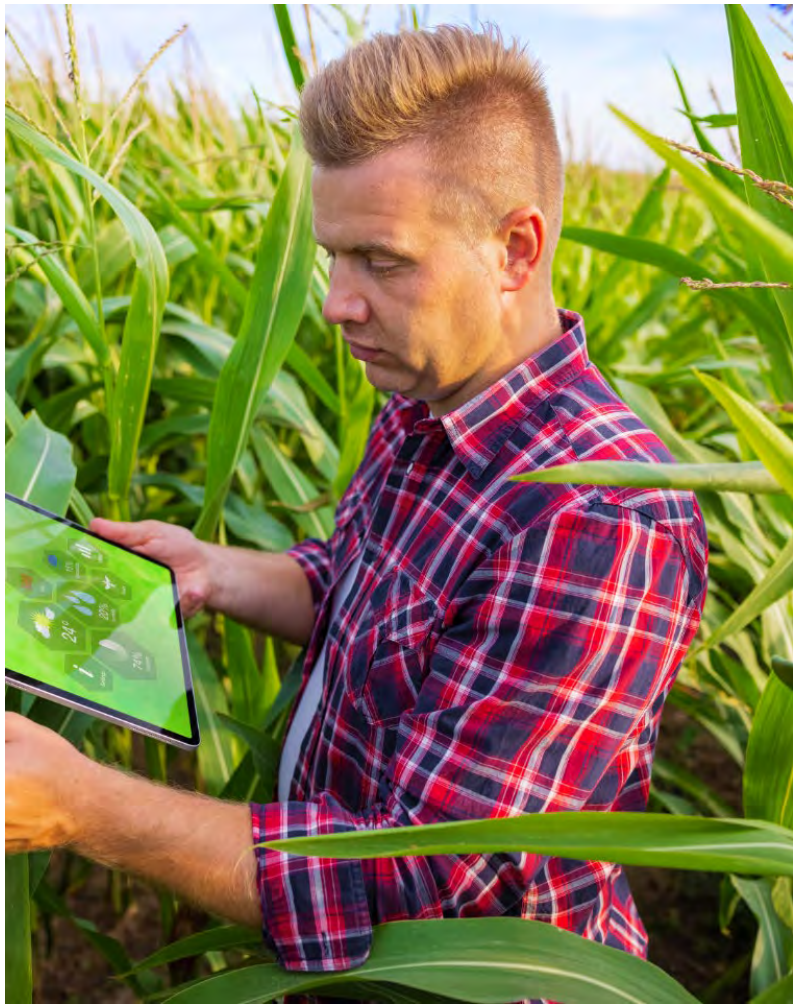
Arable:

- Winter bird food: £648/ha
- Buffer strips: £515/ha
- Legume fallow: £532/ha
- Grassy corners: £590/ha

Grassland

- Winter bird food: £515/ha
- Low input grassland: £151/ha
- Herbal leys: £224/ha

SFI 2026 – key changes



Two entry windows:

- **June 2026**: farms < 50ha & those without agreements
- **September 2026:** open to everyone

One agreement per business

- Max. £100,000 per year
- Rotational options max. in year 1

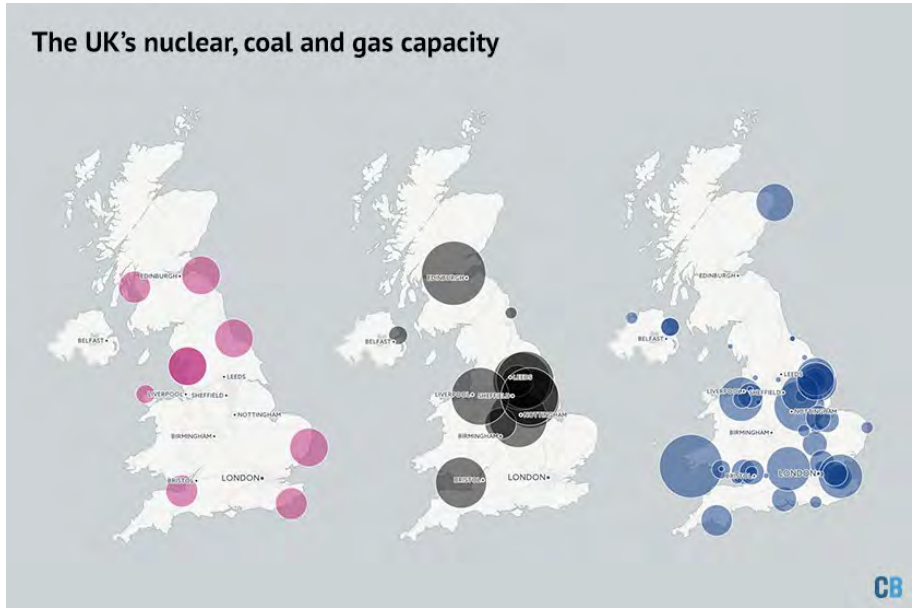
Other grants

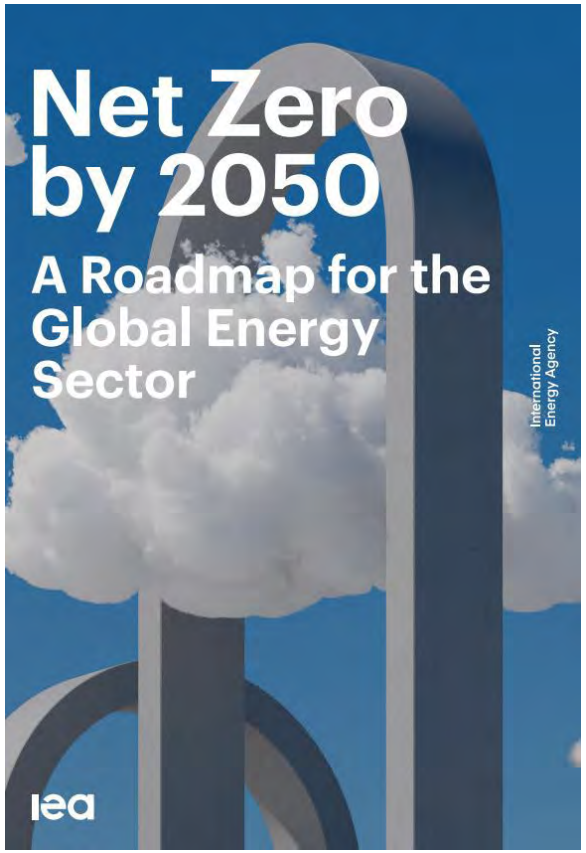
- Countryside Stewardship Higher Tier
- Capital Grants
- Animal Health and Welfare Funding
- Woodland Creation Offer
- Farming Equipment and Technology Fund

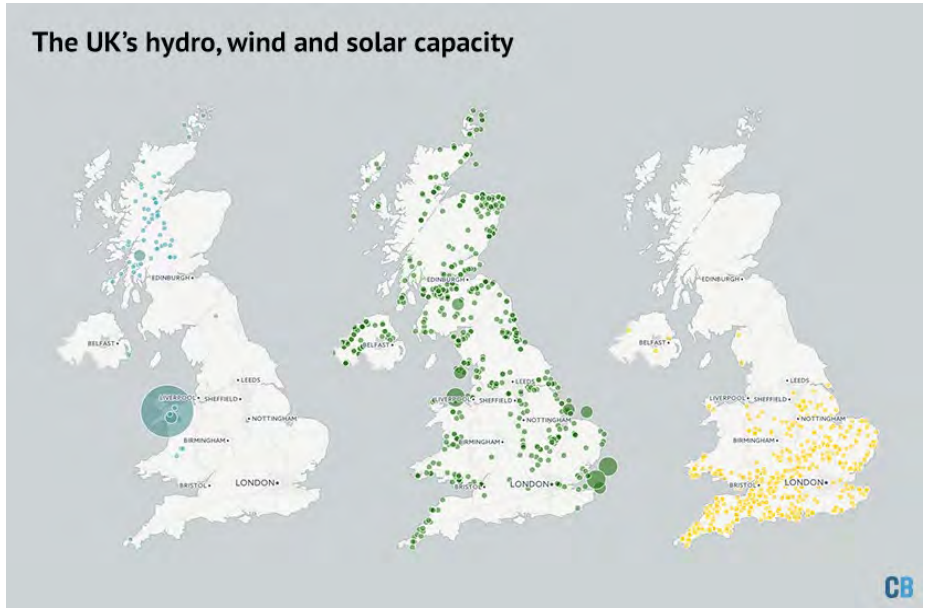
Private environmental opportunities

- Biodiversity Net Gain
- Nutrient neutrality
- Carbon agreements
- Species mitigation

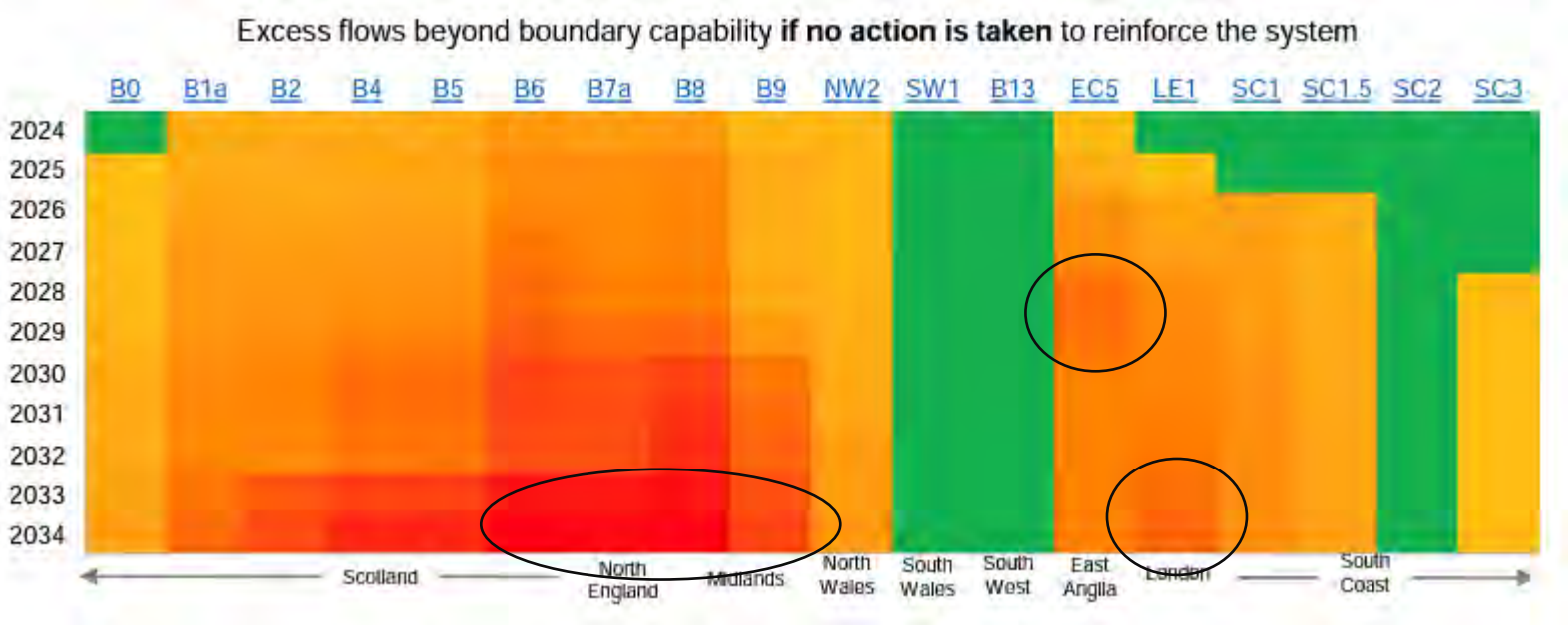
Electricity infrastructure



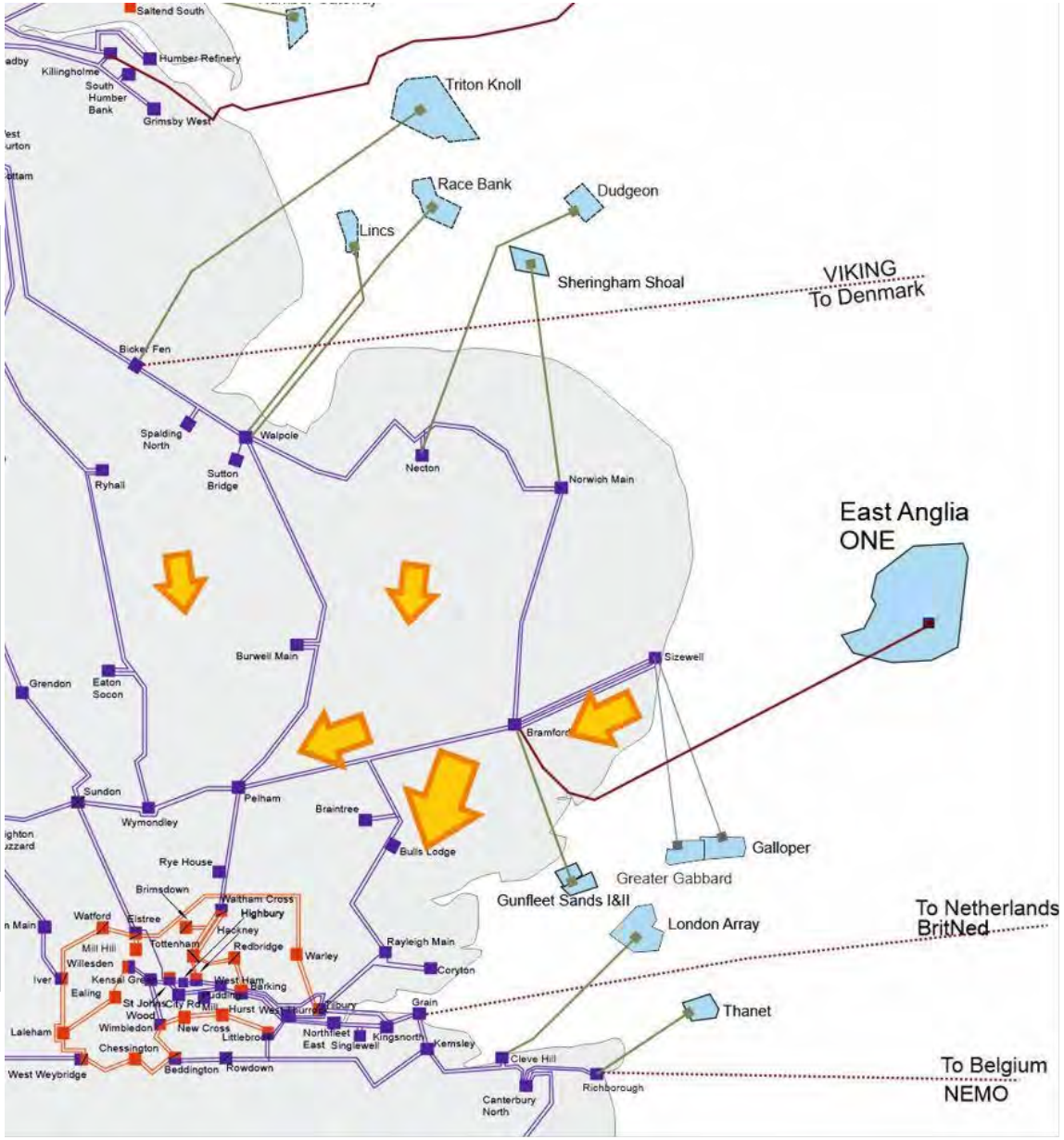




Grid capacity



New projects in East Anglia



Consenting process

Large projects: NSIPs

- Require a Development Consent Order (DCO)
- Grants planning permission
- Includes compulsory purchase powers

Consultation:

- Early
- Meaningful

Landowner tips:

- Raise issues early
- Repeat and document concerns
- Keep a clear paper trail

Do not:

- Accept first offers blindly
- Assume terms are fixed

Key considerations

- Drainage, irrigation, soils
- Access rights
- Retained land impacts
- Accommodation works
- Reinstatement
- Compensation

Thank you for listening

I’m very happy to speak to anyone afterwards, if you have any questions.

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An insider view: development and the shifting political landscape

Michael Hughes BSc (Hons) FRICS FAAV
Managing Director

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Housing targets

Labour (2024): 1.5 million homes over next 5 years

Conservatives (2024): 1.6 million

Cross-Party Agreement

- More homes needed
- Faster delivery
- Infrastructure required

Politics is fragmenting

Reform rising

Greens gaining traction

Potential shift away from traditional planning approaches

Reform UK – likely direction

- Fewer planning restrictions
- Growth-focused
- Less environmental constraint

Greens – different direction

- Strong environmental focus
- Tighter controls

What this means for you

- Window is open
- May not last

Demand is growing

- Population rising
- Smaller households
- Longer lifespans

We’re not building enough

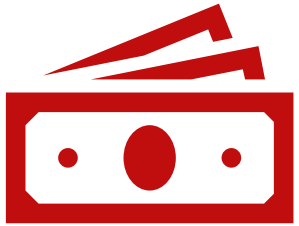
Target: 300k/year

Actual: ~170-200k

Risks ahead

- Political change
- Tax increases
- Compulsory purchase

Development value



Typical land values

Employment opportunities

Key takeaway

- Window of opportunity
- Take the leap

Thank you for listening

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Tax considerations when reviewing diversification & development opportunities

James Boustead
Tax Director

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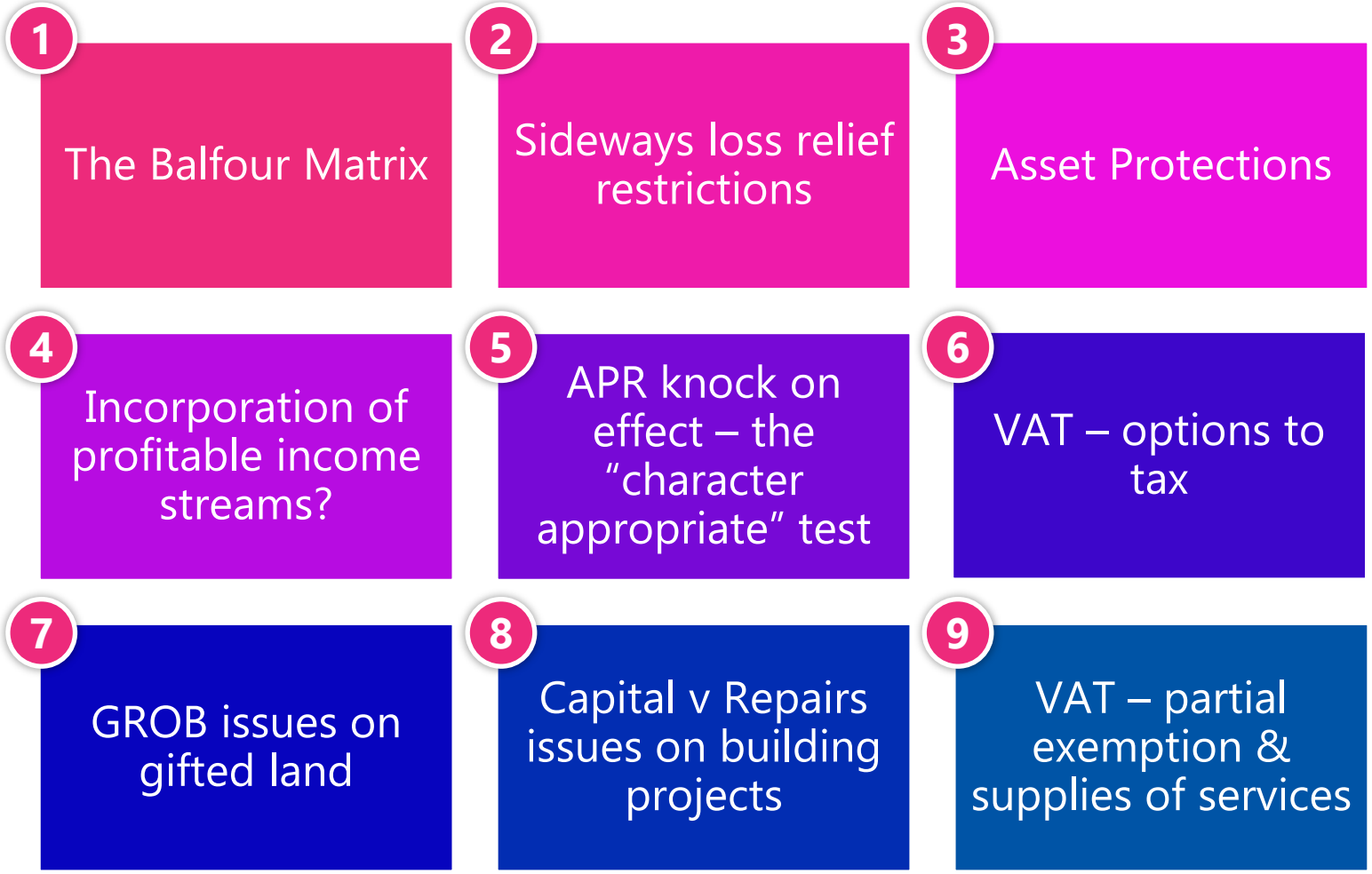
Diversification & tax considerations



Development opportunities & tax considerations

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Thank you!

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