

# Farm Inheritance Tax Changes 2026

What every landowner needs to know about the new APR and BPR rules, the High Court ruling, and your options now.

Prepared by Müller Property Group · [muller-property-group.co.uk](https://muller-property-group.co.uk)

From 6 April 2026, the UK's inheritance tax rules for agricultural land changed for the first time in over 40 years. This briefing sets out exactly what changed, what it means for your estate, and what practical steps are available to you now.

## 01 · WHAT CHANGED AT A GLANCE

### BEFORE 6 APRIL 2026

- 100% Agricultural Property Relief (APR) — no cap
- 100% Business Property Relief (BPR) — no cap
- Estates of £5m-£10m+ passed on entirely tax-free
- No limit on combined APR + BPR

### FROM 6 APRIL 2026

- 100% relief capped at £2.5m per individual
- Above £2.5m: 50% relief only → effective 20% IHT rate
- Couples can combine: up to £5m shielded jointly
- 10 annual interest-free instalments available

## 02 · KEY NUMBERS

**£2.5m**

Cap per individual  
on 100% relief

**£5m**

Combined cap  
for married couples

**20%**

Effective IHT rate  
above threshold

<b>30 Oct 2024</b>	Autumn Budget — reforms announced
<b>23 Dec 2025</b>	Threshold raised from £1m → £2.5m; spousal transfer introduced
<b>18 Mar 2026</b>	Finance Act 2026 receives Royal Assent
<b>6 Apr 2026</b>	<b>New rules come into force</b>
<b>12 May 2026</b>	High Court dismisses judicial review challenge

### 03 · TAX LIABILITY EXAMPLES

The table below shows the IHT now payable under the new rules (excluding nil-rate bands for clarity).

Estate Value	Old System	New System (Single Owner)	New System (Couple)
<b>£2m</b>	£0	£0	£0
<b>£3m</b>	£0	£100,000	£0
<b>£5m</b>	£0	£500,000	£0
<b>£8m</b>	£0	£1,100,000	£500,000
<b>£10m</b>	£0	£1,500,000	£900,000

Figures are illustrative. Actual liability depends on individual circumstances, nil-rate band availability, and professional valuation.

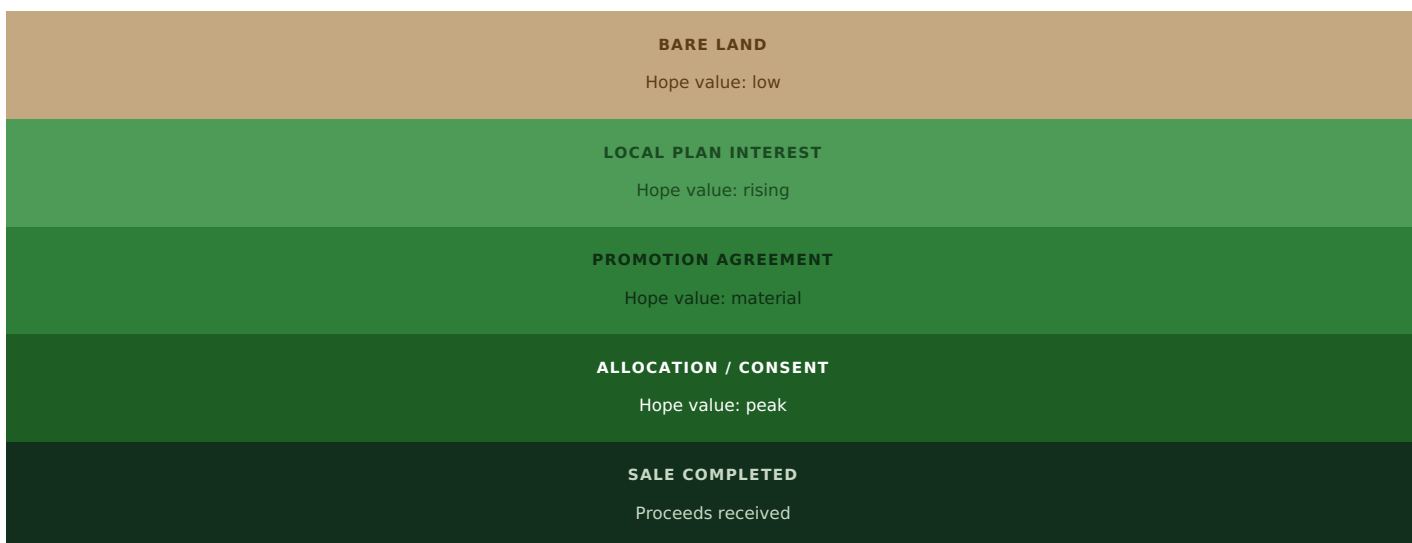
### 04 · HOPE VALUE — THE HIDDEN RISK

IHT is assessed on **market value** — not just agricultural value. If your land has any development potential (proximity to a settlement, promotion agreement, local plan allocation), HMRC will apply a "hope value" uplift when calculating the estate's worth.

**Foster v HMRC (tax tribunal):** HMRC valued land entered into a joint venture promotion agreement — identified in the local plan as having development potential — at £590,000. The executor's own professional valuation was £191,700. The tribunal agreed with HMRC's top-down approach, valuing the land on the basis of its residential development potential rather than its agricultural use. The estate's IHT was calculated on £590,000.

**The key point: a significant IHT bill can crystallise before any development income is received.**

The further your land is through the promotion process, the higher its hope value — and the larger your potential IHT exposure.



Hope value — and IHT exposure — increases at each stage of the promotion journey.

### 05 · WHAT LANDOWNERS ARE DOING NOW

- **Getting a professional valuation** — understanding current agricultural value versus development value is the starting point for any planning strategy.

- **Reviewing promotion and option agreements** — understanding when hope value could increase, and how quickly, helps determine the right timing for any restructuring.
- **Taking early estate planning advice** — specialist solicitors and tax advisers are structuring solutions such as trust transfers before hope value crystallises, while assets still sit within the £2.5m cap.
- **Exploring land promotion discussions** — landowners who previously had no interest in development are now engaging with promoters simply to understand their options and liabilities.
- **Considering spousal and partner transfers** — couples can now combine allowances to shelter up to £5m, but this needs to be structured correctly and in advance.

## 06 · THE LEGAL POSITION

A judicial review challenge was brought against the reforms by Cambridgeshire farmers Tom and George Martin, and the campaign group Farmers and Businesses for Fair Tax Relief. The two-day High Court hearing took place on 17–18 March 2026.

### JUDGMENT HANDED DOWN: 12 MAY 2026

Lady Justice Whipple and Mr Justice Fordham dismissed the claim. The court found no enforceable legal obligation to consult on the reforms, confirming that Budget tax policy is a matter for Parliament. The legislation stands in full.

*The claimants are considering a possible appeal to the Court of Appeal. However, **any such proceedings would not suspend the legislation** — the law is in force now. Waiting is not a planning strategy.*

## 07 · HOW MÜLLER PROPERTY GROUP CAN HELP

Müller Property Group works with landowners at all stages — from initial appraisal to full land promotion. We offer a no-obligation land appraisal that covers:

- **Agricultural vs development value** — a clear assessment of what your land is worth at agricultural use value, and whether it carries credible development hope value.
- **Planning potential and timescales** — an honest view of what the planning system is likely to support, and over what timeframe.
- **Promotion structures explained** — a plain-English explanation of how land promotion works and how it differs from simply selling to a developer.
- **Referrals to specialist advisers** — we work alongside solicitors and tax advisers who specialise in estate restructuring for landowners with development potential.

## Request your no-obligation land appraisal

A confidential conversation about your land's value, planning potential, and the options available to you.

Contact Müller Property Group · [phone] · [email] · [website]

*This document is prepared by Müller Property Group for general information purposes only and does not constitute tax, legal, or financial advice. Figures in the tax liability table are illustrative and exclude nil-rate bands. Landowners should obtain specialist advice tailored to their own circumstances. Müller Property Group is a principal land promotion business and does not provide tax or legal advice directly.*