**News Release**

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**APR & BPR Comment, 22 July 2025**

In keeping with a now-familiar pattern of sudden and short-sighted announcements, the Government has today published draft legislation confirming its planned reforms to Agricultural Property Relief (APR) and Business Property Relief (BPR).

First proposed in the Autumn 2024 Budget, these changes will see relief fall from 100% to 50% on any qualifying value above £1 million, effectively opening up farming families and diversified rural businesses to a level of inheritance tax exposure unseen for generations.

And let’s be clear, a £1 million threshold is all but meaningless in the context of modern farming. The capital required to operate even a modestly sized agricultural business far exceeds that figure. This is not a tax on excess; it is a tax on resilience, on succession, and ultimately, on viability.

Many had hoped the Government would reconsider. As we saw with winter fuel payments and disability benefits, it has proved willing to change course under pressure. Rural communities were right to expect the same recognition for the essential contribution they make to national life - securing our food supply, improving public health, sequestering carbon and reversing biodiversity loss. These aren’t peripheral goals, but foundational to the UK’s ability to withstand and adapt to global pressures and the existential threats that we face today.

Our call in October 2024 was that Ministers would grasp the scale of these implications ahead of the reforms taking effect in April 2026, and use the time to deliver a more coherent policy framework - one that supported the farm businesses at the heart of delivering solutions to so many of society's big issues, provide investors with confidence and ensure that land managers were equipped to meet the multiple, and often competing, demands of food production, climate action, environmental enhancement and community value. Today’s publication suggests otherwise.

The protests seen across the UK - tractor convoys in Westminster and widespread public support - made it clear that this was not a niche concern. They helped the country pause and reflect on the vital role our farmers play. Unfortunately, that message seems to have fallen on deaf ears.

We do not underestimate the Government’s task in balancing the books. But it is particularly surprising to see the lack of response to the business community, which has made plain the impact on jobs and the broader consequences of this policy. The reality is that BPR, not APR, is the true time bomb here. That Ministers have ignored the wider business lobby, at a time when they are also championing growth and innovation, is a contradiction they have yet to reconcile. These were, after all, Labour-originated reliefs, introduced during periods of national economic stress to help family businesses underpin the recovery. It is disheartening to see that history forgotten.

The impact will be uneven but serious. Long-standing family businesses, encouraged to diversify, to modernise, to innovate and lead on environmental delivery, now face a triple bind: higher tax, reduced support and rising operational pressure. And while tenant farmers will not face inheritance tax on land they farm, they will be hit by the changes to BPR and pensions and the knock-on effects on landlords and future tenancies cannot be ignored.

At a time when the sector is already struggling, due to rising costs, labour shortages, and policy volatility this legislation risks being the final straw for some.

Looking forward, the timeline for action is narrowing. While we will continue to advocate for a more balanced and supportive approach, landowners must now focus on preparation. That means understanding the value of their holdings and financial implications of the tax charge, stress-testing succession plans and the business restructuring that may be necessary as part of these, assessing practical options, such as the use of conditional exemption and lifetime gifts, reviewing trust arrangements, and understanding how life insurance might help.

While this may prove to be the biggest generational shift in rural business planning for decades, there are options, which Knight Frank is supporting clients to navigate. For those not already focused on this issue now is the time to act. Being prepared for what is coming is essential.

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**Notes to Editors**

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