# Draft Finance Bill 2025-26: Changes to APR and BPR from inheritance tax

Inheritance Tax and trusts




21 October 2025

The CIOT has identified issues with the draft legislation to impose a £1 million cap on agricultural and business property qualifying for 100% inheritance tax relief.

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The CIOT has commented on the draft legislation, issued on 26 July, to implement the October 2024 Budget announcement that, from 6 April 2026, a new £1 million allowance will apply to the combined value of property that qualifies for 100% business property relief (BPR) and/or 100% agricultural property relief (APR). After the £1 million allowance has been exhausted, relief will apply at a lower rate of 50% to the combined value of qualifying agricultural and business property.

The decision not to permit the £1 million personal allowance to be transferable between spouses is inconsistent with the operation of both the nil-rate band and the residential nil-rate-band. It is particularly unfair when one spouse has died before 30 October 2024.

Draft new sections 124(D) to 124(G) apportion the £1 million allowance across all relievable property owned by the deceased. This means that a legacy drafted as 'I leave my property qualifying for 100% relief to…' appears to be ineffective where there is more than £1 million of relievable property: the relief is spread and therefore no specific property attracts the 100% rate.

To alleviate this, we suggested adding wording at the start of new s124D(7) along the lines of: 'Subject to contrary intention expressed in any instrument to allocate the 100% relief allowance to specific properties…'. This would be consistent with government announcements that it would give the testator the opportunity to allocate the allowance should they so wish but leaves the apportionment principle as the default provision.

The full CIOT response is available here: www.tax.org.uk/ref1551

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