Finance (No 2) Bill 2025-26: update to agricultural and business property relief

Inheritance Tax and trusts

February 2026



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As the Finance (No. 2) Bill progresses through parliament, the government has confirmed a significant amendment to the agricultural and business property relief restrictions taking effect from April 2026, increasing the allowance from £1 million to £2.5 million.

The online article in January's edition of *Tax Advisor* (tinyurl.com/2mx5cpft) provided an update about changes to agricultural and business property relief (APR/BPR) announced at the November Budget, including that the relief cap would be transferrable between spouses and civil partners. The ATT and CIOT have welcomed a further announcement, made just before Christmas, that the cap would be set at £2.5 million (increased from £1 million). This is a significant improvement.

The concession comes on the back of sustained engagement from the CIOT, ATT and other stakeholders warning of the risks facing small farms and businesses due to the initial restrictions to APR/BPR announced at the Budget in 2024.

With the increase in the allowances, spouses and civil partners will now be able to pass on up to £5 million of qualifying property on death, and every seven years for chargeable lifetime transfers.

The CIOT and ATT are busy working on further analysis, briefings and answers to technical queries and will be providing a more detailed update on agricultural and business property reliefs in next month's issue.

Our Finance Bill briefing can be read at: www.tax.org.uk/ref1619

Ruth Sadlier *rsadlier@ciot.org.uk*
Helen Thornley *hthornley@att.org.uk*