

AGRICULTURAL UPDATE NOVEMBER 2024



STAFF NEWS



We are delighted to announce the promotion of Lucy Kernon to Senior Surveyor in the Agricultural Team.

Lucy joined us in November 2020 as a Graduate Surveyor following obtaining a degree in Rural Land Management from the Royal Agricultural University. She passed her CAAV exams in December 2022 and APC in November 2023.

Since joining, Lucy has assisted with many projects including agri-environment schemes, planning, estate management and valuations. Lucy is a regular at our Dispersal Sales.

She is also involved on the Charities Committee, this year supporting The Nelson Trust.

We are sure you will all join us in congratulating Lucy on this well-deserved promotion.

BUDGET 2024 - INHERITANCE TAX GRIEF

In the Budget on 30th October, the agricultural industry was widely astonished by the reform of long-standing reliefs from Inheritance Tax (IHT) for farmers and landowners. Under the previous tax regime, Agricultural Property Relief (APR) supported by Business Property Relief (BPR) commonly enabled farmers and landowners to pass their farm properties by gift to the next generation, free of IHT.

The existing nil rate band at £325,000, plus the residence nil rate band at £175,000, continue unaffected. However, the Budget has amended the value of agricultural property that can be gifted free of IHT to only £1,000,000 in addition to the existing tax free allowances. To many laymen, this might appear to be a considerable sum that will still be allowed to be transferred free of tax. However, a simple calculation shows that with average land prices at about £10,000 per acre, only 100 acres of agricultural land will be able to be transferred free of IHT. Above this level, IHT will have to be paid at 20% (as opposed to the existing 40%). These changes come into effect as from 6th April, 2026.

INHERIT

There will obviously be a need to revisit the ownership structures of many farming units prior to that time. Much will depend on the makeup of the ownership of many family farms. For example, a farm owned by a married couple could potentially be passed on free from tax with a value of up to £3,000,000 to a child or grandchild. On the other hand, a farm property in single ownership would potentially be able to be passed on with a value of only £1,500,000 tax free to a child or grandchild.

Despite the Government's claim that the reform of APR is only expected to affect the wealthiest 500 Estates each year, and that smaller farms will not be affected by the changes, in our view all but the smallest family farms are potentially at risk due to these Budget changes. If you have not had your farm valued in recent years, now might be an appropriate time to have a valuation carried out. We can help with this; our Agricultural Team includes six RICS Registered Valuers. However, a question mark that we do not have the answer to, is how much is land currently worth? Will the Budget (and not only the reforms of IHT) have an impact on agricultural land values? We will only know the answer to this when evidence of sold farms is available.

DELINKED PAYMENTS - 2025 AMOUNTS

You should have by now received your second tranche of the Delinked Payments for 2024, with many paid on 30th September or 1st October.

RPA has recently announced the calculation for 2025, which is a significant departure from figures previously suggested under the Agricultural Transition. In 2025, the maximum sum available to claimants will be £7,200. For smaller businesses, the 2025 delinked payment will be based on 24% of your BPS 2020 amount. For example, if you received £2,000 in 2020, you will only receive approximately £480 in 2025.

Unfortunately, this is another blow to already stretched cashflows. The only consolation being that these figures are now available to accurately forecast income in 2025. Defra has confirmed that its approach is to allocate approximately 75% of the annual budget to Environmental Land Management Schemes, so do consider this going forwards. For further assistance, contact a member of the Agricultural Team.

FARMING RECOVERY FUND

One of the few positives coming out of the recent Budget held on 30th October was the confirmation of a fund of £60 million to help farmers recover from the wet winter of 2023/24, especially where flooding has occurred. Payments will be allocated in bands, depending on the number of hectares affected as follows:

- 1.00 ha – 25.00 ha £2,895
- 25.01 ha – 50.00 ha £4,875
- Upwards in increments of 25.00 ha to a maximum sum over 175.01 ha £25,000

These payments are a one-off contribution towards uninsured costs incurred. Farms affected have been identified from data taken from the Environment Agency tracking high river levels, especially during storms Babet and Henk, satellite imagery and exceptional rainfall data.

There does not appear to be a formal appeals process, so if you think that RPA has undercalculated the areas affected e-mails can be directed to frf@rpa.gov.uk to raise queries in the first instance.

Claimants are advised to keep records of any work undertaken to remediate the affected land including cultivation or the removal of debris or pollution. Photos will help. Whilst claimants will be paid in November without the need for a formal application process, you are advised to consider holding any supporting information of the flooding issues, should RPA decide to once again review their methodology and try and reclaim funds!

For further queries in relation to the scheme, contact a member of the Agricultural Team.

FOR SALE
LAND AT WALLOW GREEN, HORSLEY, STROUD



For Sale by Informal Tender with a deadline of noon on 25th
November, 2024

A gently sloping pasture field in the pretty village of
Wallow Green
extending, in all, to about 5.08 acres.

Please contact Tia Bolter for a copy of the tender form, or
for further information.



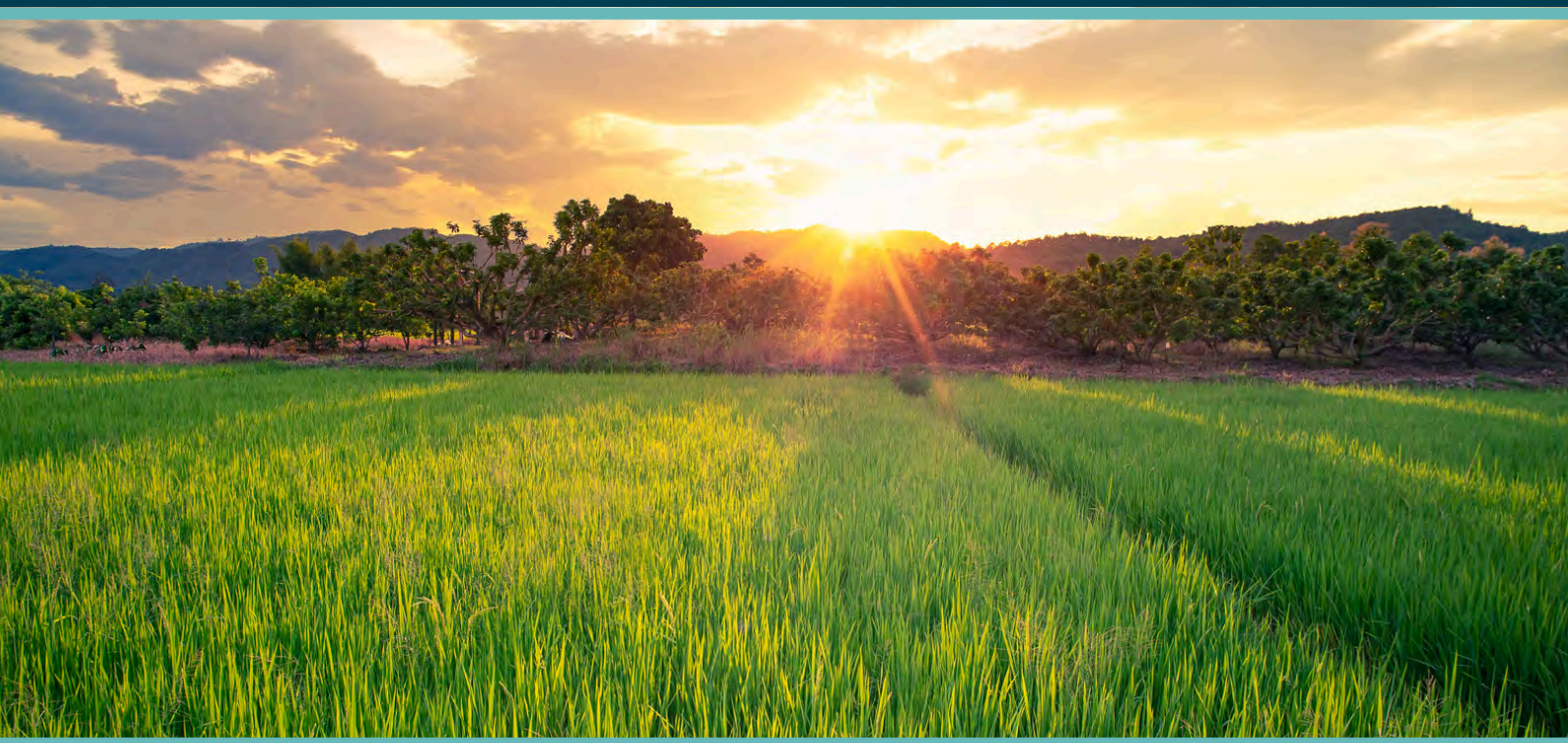
MOORE ALLEN & INNOCENT

Here for the past present and future

LAND & ESTATE AGENTS

VALUERS

AUCTIONEERS



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