# Farmers warn UK inheritance tax could undermine environmental efforts and food security



The recent changes to inheritance tax in the UK have ignited a storm of discontent among farmers, who argue that the new policies could jeopardise both their livelihoods and the environmental progress they strive to achieve. According to Alan Lovell, chairman of the Environment Agency, the government's introduction of a 20% inheritance tax on agricultural properties valued over £1 million, set to take effect in April 2026, poses significant obstacles for farmers attempting to reduce their environmental impact. This sentiment has been echoed in recent presentations by Lovell, who indicated a troubling rise in pollution incidents attributed to agricultural practices.

Last year, England recorded 77 serious pollution incidents from agriculture—a staggering increase of 54% from the previous year. Lovell's figures indicate this is the highest number since records began, a trend that coincides with an uptick in inspections by the Environment Agency, reflecting a more stringent regulatory environment. This record rise in pollution incidents, compounded by the new inheritance tax rules, paints a daunting picture for farmers who are already grappling with financial pressures stemming from climate change, reduced subsidies, and escalating costs of production, including national insurance contributions and the minimum wage.

The introduction of this inheritance tax has prompted widespread protest among farmers, marked by notable demonstrations in London, where thousands rallied against what they have dubbed the 'tractor tax'. They are concerned that this tax will hinder the ability to pass family farms to the next generation without the burden of substantial financial obligations. Critics, including Alistair Carmichael, chair of Parliament's environment committee, argue that the government's fragmented approach to agricultural policy is exacerbating discontent in rural communities. He has called for a more coherent strategy that reassures farmers and supports domestic food production. With projected revenue from the tax earmarked to generate £500 million annually by 2027, it appears the government's fiscal priorities clash with the realities faced by many in the agricultural sector.

Moreover, former government legal adviser Richard Broadbent has addressed concerns regarding the broader implications of the tax, suggesting it could create a 'chilling effect' on nature recovery initiatives. Farmers are being asked to engage in environmentally friendly practices, yet the burdens of taxation could discourage them from allocating land to conservation schemes. The government is maintaining that the majority of farms will not be adversely affected by the changes, a stance met with scepticism from rural advocates who argue that many smaller farms will struggle under these new conditions.

The fiscal landscape for UK farming is further complicated by other challenges, including trade tensions post-Brexit, rising input costs, and climate variability resulting in erratic weather patterns that threaten crop yields. As Rachel Hallows, vice president of the National Farmers’ Union, notes, the farming industry acknowledges the need for robust water quality management; however, she emphasises that this requires adequate funding and supportive regulations rather than hindrances that would deter investment in sustainable practices.

In light of these multifaceted challenges, farmers are left to navigate a precarious future. Many fear that the inheritance tax will compel them to sell off land assets to meet tax obligations, an outcome that could compromise national food security. The current trajectory of agricultural policy raises questions about the sustainability of family farms in an industry already under significant strain.

Farmers are calling for policies that foster not only agricultural viability but also a commitment to environmental stewardship—all while needing assurance that their capacity to produce food won’t be undermined. As this complex situation unfolds, the balance between fiscal needs and the vitality of rural communities remains precarious, necessitating urgent and thoughtful dialogue among policymakers, farmers, and environmental stakeholders alike.

## Reference Map:

* Paragraph 1 – [[1]](https://www.irishnews.com/news/uk/inheritance-tax-changes-bad-for-farmers-focus-on-environment-watchdog-head-IOFJ4B37YNJA3AYJBDE67EVXMY/), [[2]](https://www.ft.com/content/a753d6c4-939e-4995-950c-07eb7a80f88f), [[5]](https://news.sky.com/story/farmers-inheritance-tax-creates-chilling-effect-on-nature-recovery-scheme-ex-government-legal-adviser-says-13306679)
* Paragraph 2 – [[1]](https://www.irishnews.com/news/uk/inheritance-tax-changes-bad-for-farmers-focus-on-environment-watchdog-head-IOFJ4B37YNJA3AYJBDE67EVXMY/), [[3]](https://apnews.com/article/dc3fd3640acb1628cd85d43b8413fad0), [[6]](https://news.sky.com/story/food-prices-could-rise-due-to-rachel-reevess-farm-inheritance-tax-change-in-budget-farmers-warn-13245549)
* Paragraph 3 – [[2]](https://www.ft.com/content/a753d6c4-939e-4995-950c-07eb7a80f88f), [[4]](https://www.reuters.com/world/uk/british-farmers-protest-against-tractor-tax-london-2024-11-19/)
* Paragraph 4 – [[5]](https://news.sky.com/story/farmers-inheritance-tax-creates-chilling-effect-on-nature-recovery-scheme-ex-government-legal-adviser-says-13306679), [[6]](https://news.sky.com/story/food-prices-could-rise-due-to-rachel-reevess-farm-inheritance-tax-change-in-budget-farmers-warn-13245549), [[7]](https://www.ft.com/content/bbb5b348-120e-4e1a-b052-4e1da175ea20)
* Paragraph 5 – [[1]](https://www.irishnews.com/news/uk/inheritance-tax-changes-bad-for-farmers-focus-on-environment-watchdog-head-IOFJ4B37YNJA3AYJBDE67EVXMY/), [[3]](https://apnews.com/article/dc3fd3640acb1628cd85d43b8413fad0), [[6]](https://news.sky.com/story/food-prices-could-rise-due-to-rachel-reevess-farm-inheritance-tax-change-in-budget-farmers-warn-13245549)

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## Bibliography

1. <https://www.irishnews.com/news/uk/inheritance-tax-changes-bad-for-farmers-focus-on-environment-watchdog-head-IOFJ4B37YNJA3AYJBDE67EVXMY/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/a753d6c4-939e-4995-950c-07eb7a80f88f> - Alistair Carmichael, chair of Parliament's environment committee, called for a strategic rural policy in the UK to address growing dissatisfaction among farming and fishing communities. Farmers demonstrated in London against Labour's inheritance tax reforms, which will impose a 20 percent tax on agricultural land exceeding certain thresholds. These reforms are expected to raise £500 million annually for the Treasury by 2027-29 but have sparked considerable anger among farmers who fear being forced to sell land. Additional challenges for the farming sector include climate change costs, reduced subsidies, and high inflation. Carmichael criticized the fragmented approach of the Department for Environment, Food and Rural Affairs and suggested adopting policies to ensure domestic food production and reconsidering exemptions for inheritance tax. The government reaffirmed its commitment to rural communities, outlining a £5 billion investment in farming over the next two years.
3. <https://apnews.com/article/dc3fd3640acb1628cd85d43b8413fad0> - Thousands of British farmers gathered in London to protest a recent tax hike that they believe will harm family farms. The government’s decision to remove a tax exemption on agricultural property from inheritance tax will result in a 20% tax on farms valued over £1 million when passed to the next generation starting April 2026. Led by Olly Harrison and supported by high-profile figures like Jeremy Clarkson, the protest underscored the fears that the new tax measure would threaten British food security and the viability of family farms. Critics argue that the tax primarily targets wealthy landowners who have inflated land prices, while the National Farmers' Union contends many working farms will suffer financially. The Labour government maintains that the majority of farms will not be affected and that the tax is necessary to support public services. The farming community, already burdened by Brexit, climate change, and economic volatility, views this tax as a final blow, leading to increased unrest.
4. <https://www.reuters.com/world/uk/british-farmers-protest-against-tractor-tax-london-2024-11-19/> - British farmers are planning to protest in London against the end of an inheritance tax exemption, often referred to as the 'tractor tax.' This tax change, announced by Finance Minister Rachel Reeves, will impact farms valued over 1 million pounds starting in 2026, making it difficult for family-owned farms to pass on to future generations without selling land to cover tax bills. Farmers argue that this will threaten food production. The protest could draw around 20,000 participants, including notable figures like Jeremy Clarkson. The government claims the reform will only affect about 500 farms annually and plans to spread the tax payments over ten years at a lower rate. Prime Minister Keir Starmer, attending the G20 summit in Brazil, acknowledged the concerns but emphasized that his administration will provide significant support to the farming sector. Farmers also face challenges from lower-priced imports and climate change, driving further unrest.
5. <https://news.sky.com/story/farmers-inheritance-tax-creates-chilling-effect-on-nature-recovery-scheme-ex-government-legal-adviser-says-13306679> - The government wants farmers to play a major part in protecting the environment but a leading environmental lawyer has said inheritance tax puts that at risk. Richard Broadbent, a former lawyer at government adviser Natural England, said the government had created a 'chilling effect' on nature recovery schemes by making farmers pay inheritance tax while also expecting them to give over land to create and improve natural habitats. Chancellor Rachel Reeves announced at the October budget farmers will have to pay 20% inheritance tax on farms worth more than £1m from April 2026. All farms were previously exempt. Those in favour of the change say it will significantly reduce the use of agricultural property for large-scale tax avoidance, ensure a closer relationship between the agricultural and market values of land, and create a greater diversity of land ownership. But the move has been condemned by farmers who again took to Whitehall in their tractors on Monday in protest. The government has said it is committed to farmers and is working to make sure its green farming policies will help the environment while putting money 'into the pockets of farmers'.
6. <https://news.sky.com/story/food-prices-could-rise-due-to-rachel-reevess-farm-inheritance-tax-change-in-budget-farmers-warn-13245549> - Rachel Reeves' changes to agricultural inheritance tax could lead to food price rises and will have a 'catastrophic' impact on family farms, farmers have warned. The chancellor announced in Wednesday's budget inheritance tax of 50%, at an effective rate of 20%, will be imposed on farms worth over £1m, which previously they were exempt. Her announcement has been met with anger from rural communities, with celebrities such as Jeremy Clarkson saying farmers 'have been shafted', and Kirstie Allsopp saying the chancellor has 'destroyed the ability [for farmers] to pass farms on to their children'. Politics latest: Labour playing 'silly games', says IFS Farmers and the Conservative shadow farming minister have told Sky News the plan, which is due to begin in April 2026, risks pushing up food prices due to uncertainty and the possibility of farms having to be sold up so less food is produced. National Farmers' Union (NFU) president Tom Bradshaw said the policy 'will snatch away' the next generation's ability to produce British food.
7. <https://www.ft.com/content/bbb5b348-120e-4e1a-b052-4e1da175ea20> - A new UK inheritance tax reform aims to impose death duties on farmers with assets over £1 million starting April 2026. Previously, Agricultural Property Relief (APR) and Business Property Relief (BPR) allowed family farms to transfer ownership without incurring hefty taxes. However, the new measures would reduce this relief by 50% for assets exceeding £1 million. Critics argue the cap is too low because average farms in England surpass this value. Concerns arise that financially strained farmers might be forced to sell land to cover taxes, impacting rural economies and food security. Additionally, inherited pensions will be subjected to inheritance tax from 2027, collectively expected to generate £2 billion within five years. Critics highlight that larger estates and non-farming investors disproportionately benefit from APR, overshadowing actual farmers.