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The Rt Hon Steve Reed OBE MP
Secretary of State for Environment, Food and Rural Affairs
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The Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
The Correspondence & Enquiry unit
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Our Ref: MP03009 20 May 2025

Dear Chancellor and Secretary of State,

I've already raised the plight of our farming sector in Parliament, following a raft of decisions which will impact our family farms. My constituency of Stratford-on-Avon have many farmers and horticultural businesses which do a fantastic job of stewardship of the land and producing high quality food.

Farmers in my constituency are already facing immense financial challenges, from rising equipment costs to the increased burden of National Insurance contributions. The changes to Agricultural Property Relief (APR) and Business Property Relief (BPR) will devastate commercial family farms, impacting not only the livelihoods of my constituents, but also on British farming as a whole.

These changes could force many farmers to sell their land, often to multinational corporations or investment firms, or to developers. This erosion of family farms will weaken our domestic food security and fundamentally alter the character of our countryside. Family farmers are the backbone of rural communities, stewards of our environment, and key to sustainable, local food production. Most importantly the land value does not equal earnings.

The legislation won't protect family farms—it could destroy them. inheritance tax (IHT) will disproportionately affect genuine farm businesses that suffer a bereavement, either over next few years or a tragic one without enough financial planning. Let me be clear, land banking for tax purposes is wrong and must be tackled, but this legislation will not stop those doing it. It will inflict impossible choices on generational farms. There must be alternatives to these damaging taxes that Treasury can be put in place, such as lifting the threshold or a clawback system.

Independent research, conducted in consultation with the Treasury and Office for Budget Responsibility economists, reveals just how severe the impacts will be:

- 75% of commercial family farms will exceed the £1m threshold—a stark contrast to the

government’s claim of 27%. This discrepancy arises when outdated evidence is adjusted to reflect current land values, the combined impact of APR and BPR is considered, and claims from non-commercial landowners are excluded.
- Even at a £2m threshold, inheritance tax (IHT) payments spread over 10 years will absorb the majority of returns for medium-sized farms and halve returns for many large farms. At the £1m threshold, tax bills will significantly exceed the average profits of medium-sized farms and consume most of a large farm’s earnings. .
- Critically, the policy will disproportionately affect working farms. Most estates shielded by the £1m threshold are too small to be viable farms and are often owned by non-farming landowners. Meanwhile, medium-sized family farms will struggle to manage the 10-year payment window, as tax instalments will far outstrip their earnings.
- Many farmers already make less than minimum wage and changes to inheritance tax will mean that farms are sold to larger, more corporate organisations, hurting family farms and local communities.

The Budget also increases the strain on farmers by hiking National Insurance contributions. My horticultural businesses said they would find the increases “crippling” and a change in the threshold was needed. The hike in NCIs is another threat to farming businesses which employs workers to work the farm (crops production). The impact of these measures means that farmers will cut the amount of people they employ, and therefore less productivity.

The EFRA Select Committee has just published its own recommendations to government, calls on the Government to delay announcing its final agricultural property relief (APR) and business property relief (BPR) reforms until October 2026, to come into effect in April 2027, so that a pause in the implementation of the reforms will allow for better formulation of tax policy and protect farmers who have more time to plan and seek advice.

The government must reverse these harmful policies. Instead of targeting family farms, they should focus on ensuring multinational corporations and big banks pay their fair share. I urge you to scrap the APR and BPR cap and rethink the National Insurance hike for rural businesses.

We must protect our family farms, which are not just financial assets but legacies of stewardship, community, and sustainability. Without action, we risk losing a cornerstone of our rural way of life. Farmers are the backbone of the British economy. This report confirms that the government must urgently rethink and scrap the family farm tax.

After years of neglect under the Conservatives, we must support our rural and farming communities.

Yours Sincerely,

Dr Manuela Perteghella MP
Member of Parliament for Stratford-on-Avon