

# Reeves defends inheritance tax changes as farmers slam 'disastrous' Budget

Rachel Reeves has defended her Budget following anger from farmers over changes to inheritance tax on agricultural land.

From April 2026, the government will cap inheritance tax relief for farms at £1m, with a rate of 20% on anything above that. The chancellor told BBC Breakfast on Thursday the decision was "fair and proportionate".

But the National Farmers Union (NFU) said the reforms would be "disastrous" for small family farms, especially tenant farmers.

"This Budget not only threatens family farms but will also make producing food more expensive," said NFU president Tom Bradshaw.

"This means more cost for farmers who simply cannot absorb it, and it will have to be borne by someone. Farmers are down to the bone and gristle, who is going to carry these costs? It's been a bad budget for farm confidence, which is already at an all-time low. After today farmers, including tenants, have more uncertainty and more worry, not less."

According to the Country and Land Business Association, capping agricultural property relief is likely to impact around 70,000 farms in Britain.

Mr Bradshaw said Labour's "shameless breaking" of relief promises would "snatch away" the next generation's ability to carry on producing British food.

"It's clear the government does not understand that family farms are not only small farms, and that just because a farm

is a valuable asset it doesn't mean those who work it are wealthy," he added. "Let's not sugar-coat this, every penny the chancellor saves from this will come directly from the next generation having to break-up their family farm."

TV star and Cotswolds farmer Jeremy Clarkson also responded angrily to the news on X. He wrote: "Farmers. I know that you have been shafted today. But please don't despair. Just look after yourselves for five short years and this shower will be gone."

Frank Smith, managing partner at Cheltenham-based solicitor Frank Smith & Co, which specialises in advising landowners and farming families, said the decision could "destabilise" UK food security and deter local farmers passing farms on to children.

"Although the government sees the changes to agricultural property relief and business property relief as positive for farmers in Gloucestershire and the South West, the wider changes announced are arguably likely to alarm farmers and landowners alike."

Broadcaster Kirsty Allsopp has accused Ms Reeves of breaking up farms and estates. Writing on X, she said: "It is an appalling decisions which shows the government has ZERO understanding of the what matters to rural voters."