

FARMING AND PROPERTY BULLETIN 2024 ISSUE 6

AUTUMN BUDGET 2024

Do the Labour government understand the farming sector at all? This is the question many farmers and landowners are asking following the Chancellor, Rachel Reeves' recent budget proposals.

Due to the lack of reference to agriculture in the Labour election manifesto, it had been unclear how the Budget was going to affect the farming industry; however, it has since left many with a great deal of uncertainty and the feeling of betrayal.

The changes to Inheritance Tax (IHT) from April 2026 has been a particularly hard blow to family run farms where the business is often passed down through the generations. Although IHT charges can be paid over a

course of 10 years this could result in many exiting the industry altogether in order to meet costs through the disposal of land or the sale of the business. According to the National Farmers Union (NFU), 75% of farms are believed to be valued over £1million highlighting the lack of ignorance towards an industry. The saying of "asset rich, but cash poor" has never been more profound.

This was not the only rise for the sector as it was announced we would see an increase in Capital Gains Tax from 10% to 18% and 20% - 24% for the higher rate tax payer on the profit of an asset sold on or after 30th October 2024.

National Insurance is also set to climb for employers from 13.8% to 15% together with minimum wage rising 6.7% for people over the age of 21. Meanwhile those aged between 18-20 will see a rise of 16.3%, with apprentices seeing their hourly pay increasing 18%. This is likely to put further strain on farm businesses particularly those in horticulture.

Many farmers, landowners, gamekeepers and tradesman to name just a few, will see double cab pickup trucks purchased from April 2025 onwards reclassified as cars rather than commercial vehicles for tax purposes. This will result in higher Benefit in Kind (BIK) rates based on the cars CO2 emissions leading to increased personal tax costs and reduced Capital Allowances. Countryside Alliance states that, "this is a further assault on the sector and is thought to increase the tax burden by as much as 211%."

The degree to which the Autumn Budget might impact the rural community was made clear when over 10,000 farmers gathered in protest in Westminster on the 19th November. This was a powerful signal to Rachel Reeves that far more than her believed 500 farms will be affected. Many who were marching felt that the Government had "rushed into this decision and made a mistake." It has since been revealed, via a Freedom of Information Request, that DEFRA carried out no analysis of the consequences to British Farmers of the proposed changes to IHT.

The current challenges facing farming are already having a significant impact and now more than ever it is important for rural communities to come together and talk. Studies have shown that farmers have a higher rate of depression and suicide compared to other professions and with the Labour government refusing to go back on their bill, it is now vital for farmers to plan ahead and create healthy, profitable businesses that can adapt to change. Succession planning and diversification of agricultural businesses has to be a priority going forward.



To the rural sectors relief, however, there were some positive points which came from the Budget such as:

- Freezing of fuel duty;
- Allocation of additional funding for flood prevention, dedicating £75m to protect farmland in flood prone areas;
- Continued funding to the Environmental Land Management Schemes (ELMs); and
- Confirmation that as of 6th April 2025 land used for environmental land management schemes (ELMs), Biodiversity Net Gain and nutrient mitigation measures will qualify under Agricultural Property Relief (APR) helping to continue to encourage ecofriendly practices, keeping up momentum with the UK's environmental goals and providing tax advantages for sustainable land management. This is welcomed news for both landowners and agents and therefore the uptake in agreements continue to grow.

RENTERS RIGHTS BILL



The Renters Rights Bill 2024 which is currently progressing through Parliament will bring a significant change to Landlords and Letting Agents operating in the private rented sector. The bill aims to provide renters with a greater sense of stability and security in their homes by changing the structure to tenancy agreements, rent increases, and ending Section 21 “no fault evictions”. It is also thought to benefit Landlords with a more straightforward regulation and clearer and expanded possession grounds.

Going forward, a Section 8 possession notice will be used in order to gain repossession and for it to be valid it must highlight that the tenant has breached the conditions of the tenancy

agreement most commonly through non or late payment. Landlords are also able to serve the notice if they intend to sell the dwelling, reports of antisocial behaviour, rent arrears or significant deterioration of the property however, they will need to provide evidence in court to prove the relevant grounds applies.

Although there has been plenty in the media about how this will benefit Tenants, there has been less coverage on how landlords feel towards the change. Concerns are being raised that repossessions will take longer, there will be less control of their property and the ability to remove problematic tenants will be more timely and costly.

DAMP AND MOULD

At this time of year and particularly leading into the winter months, properties can become more susceptible to mould and damp.

Although landlords have a legal requirement to ensure any rental property is free from damp and mould, it is the tenant's responsibility to ventilate and heat their homes efficiently to prevent issues from forming.

For those with rental properties, it is recommended that the below methods are communicated with tenants to help stop mould such as:

- Keeping the indoor temperature to at least 18 degrees
- Improving circulation by leaving gaps between furniture and walls
- Ventilation by opening windows or vents and turning on extractor fans in rooms that are more prone to damp

It is important to report showings of mould early in order to prevent the matter becoming worse.

ANNUAL HAY & STRAW SALE



The annual live and online Hay and Straw Sale by Thimbleby & Shorland of Reading is due to be held on **Tuesday 7th January 2025 at 2.30pm.**

The Auction catalogue is now available to download from Thimbleby & Shorland's website.

For further information please contact

Truman Hunt at Thimbleby & Shorland on:

Email: truman@tsauction.co.uk

Telephone:

01189 508611 (Office) or 07795 402890 (Truman)

CHRISTMAS OFFICE CLOSURE

Please note that the office will be closed on Tuesday 24th December until Wednesday 1st January.

We will re-open on Thursday 2nd January 2025.

From everyone here at Adkin, we would like to wish you all a very Merry Christmas and a Happy and Healthy New Year.



FORTHCOMING EVENTS

SAVE THE DATE

Thursday 13th February 2025

SEMINAR: AGRICULTURAL PROPERTY RELIEF & BUSINESS PROPERTY RELIEF

In early 2025, it is anticipated that the Government will start a consultation on APR and BPR with a view to bringing in their proposed changes. Adkin are therefore pleased to announce that they will be holding a joint seminar with Shaw Gibbs accountants at the Loyd Lindsay Rooms in Ardington, to highlight the key changes arising from the Budget, covering such issues as the potential exposure to IHT as a result of the proposed changes together with measures that might be taken prior to 6th April 2026 to mitigate the impacts. Further details to follow.

To book your place, please email liane.marchant@adkin.co.uk

We look forward to seeing as many of you there as possible.