

## **Agricultural Property Relief (individuals)**

This relief may reduce the value of agricultural property on the death of an individual.

### **Rate of relief**

- 100% : land and buildings which have been owned and occupied by the deceased for at least 2 years
- : land and buildings which have been owned for at least 7 years and which are occupied by another under a Farm Business Tenancy.
- 50% : land and buildings which have been owned for at least 7 years and which are occupied by another under a tenancy which has been in force since prior to September 1995

### **Agricultural value**

The relief is limited to the “agricultural value” of the property. “Agricultural value” is that value which assumes the property can only be occupied for the purposes of agriculture, akin to the property being subject to an “agricultural tie”. It is possible that Business Property Relief may apply to any excess value.

### **Farmhouses**

Relief is available on a farmhouse which is physically attached to the land and which is occupied by the farmer. The farmhouse must be of a “character appropriate” to the farm which means by dint of history, economic viability etc, the farmhouse must not be disproportionate in size to the agricultural unit. Business Property Relief cannot apply to any excess value over agricultural value.

### **Farm cottages**

Relief is available if a cottage is occupied by a farmworker, retired farmworker or widow of a farmworker. If the worker has secure occupation under the Rent (Agriculture) Act 1976 relief may be restricted to 50%.

### **Lifetime gifts of agricultural property**

A lifetime gift of agricultural property is a Potentially Exempt Transfer. This means that Inheritance Tax does not arise unless the donor dies within 7 years. If the donor of agricultural property dies within 7 years of the gift, Agricultural Property Relief may then apply. It is necessary for the property to qualify for relief both at the time of the gift in the hands of the donor and in the hands of the donee at the time of the death of the donor.