

Budget 2026: What it means for Farms, Vineyards & Rural Businesses

Succession planning matters most: Inheritance Tax relief stays capped at £2.5 million, pensions join the estate from April 2027, and selling a business gets dearer the same month.

Inheritance Tax and succession

- Relief cap held. The combined 100% agricultural and business property relief allowance stays at £2.5 million for 2027-28, with 50% relief above that. The nil rate band stays at £325,000.
- Pensions join the estate. From April 2027, most unused pension funds count towards your estate. This can also push an estate over £2 million and reduce the £175,000 residence nil rate band.
- Selling up. Business Asset Disposal Relief falls to a £500,000 lifetime limit for sales from 6 April 2027. On a £1 million gain that can mean £30,000 more tax.

Red diesel and fuel

Red diesel stays at 6.48p a litre until 30 June 2027, then rises to 11.65p on 1 July 2027. Road fuel rises 7.64p a litre on the same date.

Machinery and equipment

- The Annual Investment Allowance stays at £1 million.
- The First Year Allowance rises to 50% from 1 January 2027. This helps partnerships with a company as a partner, which cannot claim the Annual Investment Allowance.
- The main Writing Down Allowance falls from 14% to 12% from April 2027.

Farmhouses and high-value homes

The High Value Council Tax Surcharge starts in April 2028 for homes in England worth £2 million or more. Farmhouses and farmworkers' accommodation on working farms will get a discount.

Reporting and other income

- Making Tax Digital applies from April 2027 to sole traders and landlords with gross income over £30,000 in 2025-26.
- Rent from cottages, land or buildings you let personally is taxed four points higher from 6 April 2027.

Contact your team at Galloways today!

Just call us on 0800 012 9190 or email us

Disclaimer: The information provided is for general guidance only, does not constitute professional advice, and is not a substitute for consulting a qualified accountant or other professional for specific circumstances.

Before April 2027

☐ Review your succession plan against the £2.5 million relief cap

☐ Include pensions in any estate valuation

☐ Budget for the July 2027 red diesel rise

☐ Time machinery purchases with the new allowances in mind

Most of these measures still have to pass through Parliament, so the detail may change. To talk through what the Budget means for your farm or estate, call 0800 0129190 or email hello@wearegalloways.com.

Read our full Budget summary here.