

APR and woodlands relief restricted to UK land only

Restrictions to the scope of agricultural property relief (APR) and woodlands relief from inheritance tax to property in the UK from 6 April 2024.

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This is yet another post Brexit change to tax rules, alongside the restriction of charitable reliefs to UK charities only.

Currently (since 2009) APR is available on the transfer of agricultural property in the UK, Channel Islands, Isle of Man or the EEA (i.e. the EU, Norway, Iceland and Liechtenstein) providing various conditions are satisfied. The property must be agricultural property, which includes woodland and buildings used for rearing livestock, agricultural land and cottages, farmland and farmhouses occupied with the agricultural land.

The new measure restricts the APR and woodlands relief to property located in the UK only.

This will have effect on and after 6 April 2024 in relation to...

- transfers of value;
- occasions on which tax falls to be charged under Chapter 3 of Part 3 of the Inheritance Tax Act 1984.

HMRC has published an update to reflect change to the draft legislation on death in relation to lifetime transfers made before 6 April 2024. The change effectively confirms that any lifetime transfers made before 6 April 2024 will continue to benefit from the rules in place at the time the transfer is made.

The details are included in the HMRC Policy Paper and draft clauses to Finance Bill 2023-24 first published on 18 July 2023, and updated 6 March: [Changes to the geographical scope of agricultural property relief and woodlands relief for Inheritance Tax](#). However, its necessary to look at the [Finance \(No.2\) Bill](#) for the updated legislation.

Comment

This is relevant to all those individuals and trustees who own land or woodlands in any of the countries listed above. Individuals may need to review/update their wills to take account of the changes.

Trustees holding such assets may have to review the trust holdings/investments in the light of possible increases in the inheritance tax charges relevant to trusts (e.g. valuation of trust fund at ten-year anniversary, valuation of the land underlying the interest of the life tenant, etc.).

020 7183 3931
www.riskassured.co.uk