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Nottinghamshire Farmers Face Financial Strain Amid Looming £2m Inheritance Tax Threat

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Farmers across Nottinghamshire are sounding the alarm over planned government changes to inheritance tax. Fears mount that the measures will cripple family-run farms and saddle future generations with unmanageable debts. Despite the government's insistence that only the wealthiest estates will be affected, many farmers in the region argue the reforms will hit the heart of British agriculture hard.

With around 4,000 individuals working on Nottinghamshire farms and contributing approximately £228 million to the local economy, the potential financial fallout could have

widespread consequences. The county plays a significant role in national food production and land stewardship, managing 138,000 hectares and leading globally in the supply of chantenay carrots, producing more than 40,000 tonnes annually.

The planned overhaul to inheritance tax, which takes effect from April 2026, will see Agricultural Property Relief (APR) and Business Property Relief (BPR) apply only to the first £1 million of assets. Any assets exceeding this threshold will be subject to 20 per cent income tax, although the bill can be paid interest-free over a ten-year period. The government maintains that only around 500 of the wealthiest estates will be impacted, suggesting that in some cases, couples could pass on as much as £3 million tax-free, depending on their ownership structure.

Mounting Pressure

However, farmers in Nottinghamshire say these figures don't reflect the practical realities of running a family farm. Modern farms often have high asset values due to land, equipment, and infrastructure, but profit margins remain painfully thin. At Dunstall Farm in Sutton-on-Trent, Will Walker explains that while the farm appears valuable on paper, it is far from a cash-rich operation. Poor harvests, soaring costs, and market volatility mean survival often relies on creative diversification, such as hosting weddings or converting buildings into holiday lets.

Despite this innovation, Mr Walker estimates his family could face an inheritance tax bill of several hundred thousand pounds under the new rules. He says many farmers feel trapped, forced into uncomfortable succession planning conversations long before they're ready. For many, including his own parents, passing on the farm was always intended, but not under rushed or pressured circumstances driven by tax law.

At Allen Farms, near Newark, Fred and Des Allen have run a successful pig farming operation for decades, producing 400 pigs weekly. The business has grown steadily since the 1960s, but with that growth comes a hefty valuation that may now come back to haunt them. Their concern is that once due, the estimated £2 million tax liability could significantly restrict future investment and growth for the next generation.

The volatility of farming is a key factor. Des Allen points out that while a bank may approve long-term payment plans based on historic profits, agriculture is inherently unpredictable.

Many Nottinghamshire farmers fear they will be unable to weather future shocks if they are also burdened with high tax repayments.

The National Farmers' Union (NFU) has proposed an alternative approach. Under their suggested model, the full 40 per cent inheritance tax rate would only apply if agricultural assets are sold within seven years of being inherited. This would allow genuine family succession without immediate financial punishment, while still recouping tax revenue if the land is eventually sold for profit.

Oliver Collingham, chair of the Nottinghamshire NFU, warns that these proposed tax changes are not just numbers on a page. They have real and potentially devastating consequences for family livelihoods, local economies, and national food security. He encourages farmers across the region to keep pressing their MPs for a more workable solution.

While the government argues that it invests £2.7 billion annually into farming and environmental recovery, many in the sector see this tax overhaul as a short-sighted move undermining generational stability in agriculture. Nottinghamshire's farmers are bracing themselves, uncertain whether the next harvest will yield hope or hardship.