



Question:

I own farmland which I used to farm but which is currently let under conacre. Can I bequeath the land tax free to a child?

Alan Curry, Director of Tax, ASM Horwath replies:

Until recently it was possible that a landowner, on death, could pass land let under conacre to an individual without any tax burden arising because a number of "reliefs" were available which effectively reduced the value of the farmland to zero for Inheritance Tax purposes.

However, in a recent court action, HM Revenue and Customs succeeded in having one of these reliefs (Business Property Relief, "BPR") removed.

Consequently, a potential Inheritance Tax charge (at 40%) may now arise on a proportion of the value of the land passed to a child.

While individual circumstances will differ, forward tax planning of your estate can help to mitigate this risk.

For instance you could "gift" the land during your lifetime rather than on death.

Alternatively, the land could be let in conacre for a period then could be actively farmed by you, thereby securing BPR.

Seek appropriate professional advice as early as possible. Acting now may avoid a future tax liability.

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