



HOUSE OF LORDS

Economic Affairs Committee

Finance Bill Sub-Committee

Corrected oral evidence: Draft Finance Bill 2025-26

Monday 27 October 2025

4.25 pm

Watch the meeting

Members present: Lord Liddle (The Chair); Lord Altrincham; Baroness Bowles of Berkhamsted; Baroness Fairhead; Lord Leigh of Hurley; Lord Pitkeathley of Camden Town.

Evidence Session No. 6

Heard in Public

Questions 57 - 64

Witnesses

[I](#): Tom Bradshaw, President, National Farmers' Union (NFU); Jeremy Moody, Secretary and Adviser, Central Association of Agricultural Valuers (CAAV); Judicaelle Hammond, Director of Policy and Advice, Country Land and Business Association (CLA)

Examination of witnesses

Tom Bradshaw, Jeremy Moody and Judicaelle Hammond.

Q57 **The Chair:** Welcome back to the Finance Bill Sub-Committee. We are now going to consider the views of an agricultural panel. I would like the members who have come to join us to introduce themselves.

Jeremy Moody: I am secretary and adviser to the Central Association of Agricultural Valuers, supporting the rural economy across all four parts of the United Kingdom.

Tom Bradshaw: I am president of the National Farmers' Union, representing 43,000 members across England and Wales.

Judicaelle Hammond: I am the director of policy and advice at the Country Land and Business Association, also known as the CLA. We are representing 26,000 members across England and Wales.

The Chair: I am going to start off asking you a very general question and then my colleagues will come in. We often say that farms are asset-rich and cash-poor, and indeed they are. Incomes are low but valuations are high. What challenges do you see for family farms in meeting the Government's proposals on inheritance tax within the six-month window that is proposed?

Tom Bradshaw: In the immediate short term, there is the liquidity, which is the big challenge. I do not think that we should ignore the time it takes to grant probate. To expect to have probate within six months is completely unrealistic, especially given the complexity of valuing an agricultural business. The pressure on our valuation officers, who at the moment do not have to value the assets that qualify for BPR—they are taken as book values rather than being valued in real life—is being hugely underestimated.

The general preparedness and ability to deal with this within a six-month window is completely irrational. There is just not the ability to do that. That would be the starting point on six months.

If, in that period, you have to raise liquidity, you would not have the asset to dispose of. You would not actually have the asset to borrow against, potentially, depending on how complex the structure is of the family business, how many siblings and whether everyone is in agreement. It could be particularly challenging. There is the belief that we are going to be able to make the first payment six months after the death. I just do not understand how anyone has thought this through and arrived at that as a realistic proposition.

The Chair: Taking that point and hoping that somebody might recognise it, is the proposal that you can pay the tax in 10 interest-free payments over 10 years not very helpful?

Tom Bradshaw: They are only interest-free if you make the first payment. You start accruing interest if you cannot make the payment on the date it is due and the first payment is due six months after death. If probate has not been granted, what is the valuation? What is the bill? You do not actually know what you are supposed to pay before that first payment. Are you going to make a payment on account? If the cash does not exist within the business and you have to borrow against the asset, but the asset is in probate, you would not necessarily be able to raise the capital. There are a lot of circumstances where there will be no ability to meet the first payment for very sound, logical reasons. This is not about trying to delay the process.

The Chair: It is practicality. These are questions of practicality. What would be your estimate of the time needed for probate to be granted?

Tom Bradshaw: I have a real-life example of a member who I was with in September. They had had a simple probate case that had taken two years. There was nothing complex about the situation at all and it took two years, more or less to the day, to get probate. For anybody who has dealt with the process, if you get any sort of resolution in less than a year, you think that you have done very well. It is not unusual for these things to go well over that two-year period.

That is without the extra pressure on the valuations officers. The valuation office is now going to have to do an actual valuation rather than a paper-based valuation and accepting the accounts valuation. There is far more complexity coming into this, because that valuation now is going to trigger a liability, whereas previously there was going to be no liability triggered.

The Chair: Do you want to add anything to that?

Judicaelle Hammond: I leave Jeremy to comment on valuation. I would add that there is a real circular problem to the issue of getting cash out of the business, or the estate, before you have grant of probate. There might be a theoretical situation where the executors, who, by the way, may not be the beneficiary, so it could be a lawyer's firm, could have to take a bridging loan on behalf of the estate. That is awfully complicated. It adds cost, and this is all cost to the business.

We are hearing exactly the same things as Tom in terms of the length of time it takes to get probate. We were thinking that perhaps extending the window to make the first payment is an easy way of easing the difficulty. The alternative, potentially, is to grant probate on credit, so to speak, where the executors make an undertaking that, once probate is granted and assets can be sold, the IHT will be paid. That is a great deal of complication and tells me that the policy has not been thought through in terms of the practicalities.

Jeremy Moody: I would agree with all that has been said. To draw out on valuation—Judicaelle invited me—of course it is not the valuation office that would be doing the valuation. It would be the taxpayers, so

the deceased's valuer who would be undertaking that and submitting that as part of the larger return for inheritance tax. Then it is as and when the valuation office comes to consider it, with all the issues that it has not had to consider before. That is where, again, you hit an issue as to the capacity for that to be dealt with.

At the same time as this change is being introduced of course, the Valuation Office Agency is structurally reverting to be within the Revenue, rather than a freestanding agency. We have yet really to understand what bearing that change of structure has upon this.

The Chair: Some people have said to us that this is all making it far more complicated than in fact it is for farmers. You can just sell off a bit of land and then rent it back, so you would have a capital sum that you could use to pay the tax. Tell me why that is wrong.

Jeremy Moody: You could do that but not necessarily be able to rent it back. That would be a decision for the purchaser as to whether that was desirable. There are issues of liquidity in all of that. It takes time to put a land sale together. In some parts of some counties—and this is very variable locally—there is land that is simply not selling, and might not be selling for quite some time, at which point your strategy is not delivering the outcome.

The larger challenge for the continuing business is that it is then funding its overheads off a smaller income base, because it has reduced the ability to produce, but will find it more difficult to scale back its fixed-cost overheads, which presents a challenge for the future viability of the business. If you have a convenient owner who would cheerfully play ball and has the cash to do it, that is a magic answer, but, like most magic answers, it is a bit harder in reality.

Tom Bradshaw: Also, that sale clearly could not take place before the granting of probate.

Judicaelle Hammond: That sale would also be subject to capital gains tax, so you would probably have to sell more than what you need in order to pay the inheritance tax.

Q58 **Baroness Bowles of Berkhamsted:** But you would not have got probate. In those circumstances, how are you going to get probate if the valuations have not been done, which is why you are trying to sell the land?

Tom Bradshaw: It is exactly that. You cannot do it.

Baroness Bowles of Berkhamsted: That is not a theoretically correct prospect.

Tom Bradshaw: It depends. It may be that there are shareholdings or other parcels of land, but it is now subjective to the individual situation rather than being a general tax that can be paid. We have not moved on

to whether it is affordable, but can it be paid? Only after probate and you then find the buyer and have successfully marketed the land.

Baroness Bowles of Berkhamsted: I understand that. If there were other parcels of land owned by the same person, they would be stuck.

Tom Bradshaw: They may have already passed some of the land down to another generation. It may be that, for instance, if the daughter was going to inherit the farm, they decide to sell off some of that, but is that the right asset? Where is it held? There are so many ifs, buts and maybes. The general principle is that, until after probate, you are not going to be in a position to market the correct piece of land, and then you are downscaling the business, as Jeremy alluded to.

Jeremy Moody: The larger point hidden in that is that there is no single, individual strategy for any business that one could just pick up off the shelf. All the answers in each situation are very individual and have to be worked through.

Q59 **Lord Altrincham:** Just to clarify, why is the Chair's sale of the field subject to capital gains tax?

Judicaelle Hammond: It would be because it is a chargeable event.

Lord Altrincham: But it is happening post probate.

Judicaelle Hammond: Post death, yes.

Lord Altrincham: Capital gains tax is wiped at death. It would just be in probate.

Judicaelle Hammond: Yes, that is correct. If the uprating is there, yes—

Lord Altrincham: The Chair can sell the field without paying capital gains tax.

Judicaelle Hammond: Yes, that is right. It depends on whether it is post death or pre-death. My understanding was that it was a scenario pre-death in order to generate cash, but perhaps I misunderstood that.

Jeremy Moody: In one of the options that we played with, if it was another family member disposing, that would have CGT on it.

The Chair: I see.

Q60 **Lord Leigh of Hurley:** We have made a lot of progress, but just on the issue of valuations, everyone has made the point that the valuation office just does not have the resource to deal with the number of issues that they will have to face, because they now have to value land that they did not have to value. They do have resource and they do have to agree valuations in respect of capital gains. Do you have a feel for how long it is taking to agree a capital gains liability when farm assets are being sold? Does that give us guidance as to what the likely time is?

Jeremy Moody: First on this, we are talking about a great deal more than land. For the first time since 1992, we are talking about livestock. We are talking about machinery. We are talking about silage. We are talking about stores. We are talking about a subject that has been lurking in the undergrowth since 1992, when it was beginning to come out, of course, which is non-assignable tenancies, and all sorts of other issues. Since then, we have developed the whole world of farm diversification to be considered, so there is a great deal more that falls to be valued in this.

In terms of the land bit, which they have been dealing with right the way through the 33 years since 1992, valuations have been put in for land because, in almost all cases, it requires a market value and an agricultural value, which is on the hypothesis required by the Act. The difference between those two is potentially taxable unless it is covered by business property relief. This is where it becomes an extended issue. Those land valuations are happening now, just as they are, of course, for CGT. Some get picked out for review. Some may look credible and attract less attention, but we are now looking at a very much larger, lock, stock and barrel valuation of what the deceased owned within their farming businesses.

Lord Leigh of Hurley: You cannot give us guidance on how long it is taking on average to agree valuations now, and thus estimate what it might be.

Jeremy Moody: It depends on what is in dispute. On the whole, on CGT, there is rather less in dispute than for inheritance tax, particularly with the various objective tests that you have for agricultural property relief, which make it a particularly thorny area, and it has been. Twenty years ago, we went through a run of really quite significant cases that went to tribunal and courts. It has been quieter since.

I can envisage that we will have quite a number more cases over the next five to 10 years as we work our way through what flows from this. That is something that we have been digesting to date. It is the extra that comes in and the extent to which it will all now matter more to both parties—both the tax gatherer and the taxpayer—as to what the outcome is. Much more real money will turn on this than perhaps it has in the past.

Q61 **Baroness Bowles of Berkhamsted:** I was just thinking about that last question in terms of this general timing thing and the six months. Is it fair that that includes HMRC time? Should the six months be entirely for the people who are having to prepare the case to HMRC? Should you stop the clock every time you are waiting for a response? Would that help at all?

Jeremy Moody: It would be good if you reached the point where there was an agreed valuation on which the game could then be played. That is the point that is coming from this side of the table. We are trying to be as

proactive as we can be with members, and they in their turn with clients and other professionals.

What we are asking is that the valuer be instructed to be on the farm as soon as is decently possible after the death, because all this is a valuation as at the date immediately before death. If that is allowed to drift, on some farms that becomes more difficult. Then the IHT return is made with the valuation attached. It goes into the valuation office and HMRC. It is for them to review and respond to it. That is where time is then out of the control of the taxpayer.

Tom Bradshaw: You have to think about the family at that moment in time. They have just lost a close member of their family. The pressure on arranging all of the other fallout from that death will inevitably end up taking priority over instructing the valuation. Getting to a point of valuation from death is months, not weeks. How many months depends on how busy the firm are and everything else that is going on. Even if the organisation or the company doing the valuation were on farm the following week, we are going to be months before the valuation is ready to submit, and then you are into government time, which is then outside everybody's control.

Maybe there should be a fair expectation of the time to submit the valuation. After that, the clock needs to stop until it comes out of the other side of Government. If it is just held up internally with no control and no ability to influence, and yet the interest becomes payable because the first payments become due, that seems completely unreasonable. Suddenly, there is an incentive to delay the granting of probate because more money will become due.

Baroness Bowles of Berkhamsted: That was a random question that was in my mind. What is the state of preparedness? Are farmers in general aware in some detail of what is going on? With all of the boards all over the place about it, they probably know, but are they able to make any preparations already? Are they investigating new kinds of financial products and insurances and things like that that could help?

Judicaelle Hammond: The CLA has been all out in terms of member communication right from after the Budget last year, so the awareness is high. The preparation for and the understanding of how it will apply is a different matter, in particular because it is quite hard to advise on specifics without having seen the legislation. The draft legislation, as you will be well aware, was only published in July, which caused difficulties for us in terms of advising members, and also caused difficulties for our professional members.

We are running roadshows at the moment for members and non-members. We are finding that, while the awareness is really big, the understanding of what it means for their own business can be quite overwhelming when you get to that. I was listening to the previous panel and the categorisation of people who are taking action and those who are putting their heads in the sand and hoping that this will go away or that

they will have enough time to do something. Those two categories do exist. Then there are people who cannot change their affairs, for various reasons that we might go into later. Yes, there is awareness, but the preparedness is variable.

Baroness Bowles of Berkhamsted: The ability, in some instances, is not of their own fault.

Judicaelle Hammond: Yes, absolutely.

Jeremy Moody: There are a variety of issues. Of course, you are dealing with real people, real families and real personalities of a given number in any of these situations. We are in a very similar position to that which Judicaelle described. We have been pressing this out to people ever since last October. We are currently, with the draft legislation, out in the throes of our own briefing. I am off tomorrow night to Harrogate for the northern briefing, and then on to Perth. There is a lot of activity at the moment in advising and briefing farmers and estate owners in this area, but doubtless there are people who are not taking action out there. I will be aware of the people who are.

The challenge is to get people to be clear about who owns what, with what liabilities, because you may take a view that a farm has a farmer, there is an individual and it is all theirs, but that may not be the reality. There is often a much more splintered exercise in that. It is about getting to the bottom of that and thinking, "Where does the farm want to be in 15 years' time, reasonably, and what is the strategy to get there?" and thinking this through. There is a process of analysis and a process of discussion, which can be quite hard in some families. This is, for some people, broken glass business, and 33 years of holding it until you die as a viable tax strategy has reinforced every British instinct not to have conversations.

This is now, in a sense, a welcome thrust into business life. People are discussing things that they have never wanted to discuss anywhere. You then have to get decisions, and then get those decisions implemented. This is involving the valuer, the lawyer and the accountant. That is professional time and a diminishing period for those who are obsessed by April, with Christmas in between.

There is then the extra complication, if you are restructuring land holdings, that quite a lot of them will be subject to mortgage. Then you are building the bank in again for its timetables as to how it wishes to play ball on that, which, again, can certainly be an additional delay, and sometimes a difficulty.

This is quite a drawn-out process in which a lot of pressure is coming on the support and advisory side, just as it is there for the people in the farm and around the kitchen table trying to grapple with decisions in which each party may have their own view of their interests.

Tom Bradshaw: I am going to focus on the forestalling clause and those who are trapped. If you are a younger member of the farming industry, you generally have the ability to plan. If you are somebody who does not expect to live for at least five years, but ideally seven, or if you are somebody who is terminally ill, the forestalling clause has deliberately trapped you with an inability to plan. That does feel like it is particularly targeted and much more difficult to forgive.

I would suggest, if any of you have time, that you watch "Countryfile" from last night, because there was a family from Pembrokeshire who were on there. The grandfather, who is fifth generation, has farmed on that farm for over 70 years. He was diagnosed with cancer in February and has considered not accepting treatment because he feels he would be better off not being here in April. That is an absolutely tragic situation to put anybody into. If the forestalling clause was not there, he could have gifted. If he had died within the seven years, it would have come back into the estate and APR would still have applied.

There is a trap that has been set, which is absolutely unforgivable and which penalises the elderly, who have given so much to this country over the last 70 years since the Second World War in getting the country back on its feet. As he said, "Everything I have lived for is my farm and the ability to pass it on to my children and now my grandson, and it is being taken away at the 11th hour". That is the emotional bit that we really feel is going to trigger the most extreme behaviour before April, and I do not believe that any tax change should ever trigger that sort of behaviour.

Jeremy Moody: It is extraordinary that a tax whose basic justification appears to be stated to raise money is so heavily front-loaded when all the other risk management work for people with longer-term perspectives can be done to minimise exposure and manage liabilities and so forth. I was talking with a professional a month ago who was on his way to see a particular client, hoping against hope that there had not yet been a statement that the client did not have capacity. That is a matter of days. When that threshold is crossed, it becomes, in practice, impossible.

Tom Bradshaw: I have an example from Norfolk where, unfortunately, the father has dementia, and the family cannot change his will. There are so many circumstances where there is a trapped generation that do not have an ability to use the seven-year gifting rule, and the forestalling clause is one element of that that has trapped them in and just feels incredibly targeted.

Jeremy Moody: It is not simply a function of the elderly. Another Pembrokeshire case was somebody whose wife died of cancer at 56. At 60, he was declared in the same position. Throughout this, it is not only the old who die first.

Judicaelle Hammond: If I may, I would like to add another scenario that we see is quite prevalent, which is farmers who do not have a pension. The farm is the pension, and so, if they gift, they cannot use the

asset themselves anymore. They have to move from the farmhouse, or they can pay a rent. If they continue farming, they have to be paid a wage. That is not just inefficient. It is just a question of your life and your livelihood having to be, basically, either gifted away or kept, and then you fall within the new regime. It really is profound as a change.

Tom Bradshaw: Just building on that example, which is incredibly real, £1 million seems like a lot of money. We never wanted to be having a fight about inheritance tax publicly, because we understood that this could look like it was incredibly privileged, but when you are taxing business assets as though they are personal wealth, which is what is happening here, because it is not liquid cash, that is where the threshold of £1 million is simply not enough to avert the situation of reserve benefit, which is what Judicaelle is talking about, where you carry on drawing off the asset, and then the gift will fail.

There is a very real need to look at a threshold that is much more reasonable in enabling the older generation to keep enough of the asset so that they can rightfully draw from it without breaking the gifting rules, and then be able to pass that down without the inheritance tax.

There is also the issue of a transferable allowance between partners. This is a unique suggestion at the moment: that they do not have a transferable allowance. If the allowance was transferable between spouses, you would end up averting the situation where you pass it down to a younger generation at an inappropriate age.

The situation we could end up finding ourselves in is that this ends up being a tax on tragic deaths, because the first period will be the elderly and, after that, it is going to be those who either have not planned or who have completely unplanned deaths, who may well be younger. Then you are facing the situation of, "There is no spousal transfer, so I will pass it down to the next generation", who could be in their teens. Is that a logical tax planning scenario?

Q62 The Chair: What you are saying about hard cases is very interesting and relevant to this committee. I just wondered if you could send us a note very quickly about what you regard as the most extreme hard cases that are going to arise from what the Government are doing.

Tom Bradshaw: Last night, one of the farming charities said that they have heard of two suicides because of the proposed tax changes.

The Chair: It is not just about giving a list of hard cases. It is also about, within the framework of the policy—because they are not, in all probability, going to change the policy—what can be done to alleviate these cases.

Jeremy Moody: There are two immediate points building on where Tom was just now. It took a number of people some time to work out that the £1 million, or whatever the threshold might be, was not transferable between spouses.

This gets to a very difficult situation for an advised spouse. Ideally, they have £1 million, and Ministers and financial advisers all say they should give down to use the £1 million, but what is left to support the remaining spouse to live on and live in at that point? I can see significant underuse of the first spouse's £1 million on the smaller and medium farm, where there is not the flexibility to play these games. At that point, if they care for the surviving spouse, they need to hold assets back, not give down, in order to manage that process and whatever flows—a care home or just a home to live in, or whatever it might be.

So much at the lower level of the small and medium farm would be helped by having that threshold for spousal transfer, avoiding those choices and avoiding the inefficient use of the reliefs. The CenTax study of last August said that it would not cost the Government overall very much over time, but it would be enormously helpful in terms of families dealing with this and saving that kind of agony about all of this.

The related point is that, as I read both Section 108 and Section 120 of the Inheritance Tax Act, it is only a gift at death to a spouse on which the beneficiary inherits the deceased's period of ownership and occupation for future APR and BPR. If that is so, a lifetime gift to a spouse re-triggers the two-year clock for the spouse in lifetime gift and all gifts to all other members of the family. They then all have to live two years before they get the benefit of the relief.

At least removing that clock for lifetime gifts to the spouse—and we are going to have enough jumping through hoops—would make some of this reasonably user-friendly in ways that do not break, as you said, the principles of what is at stake, but allow for some practical delivery on the ground so that we can do sensible planning without undue complication.

The Chair: The Minister is replying, and we are probably going to have a vote, so that will terminate the session. I come from Cumberland. I see that all the farmers in Cumberland are in uproar. I then listen to the Government telling us that this is a measure that is going to affect only a very small proportion of people. Why is there this great dissonance between what officials and Ministers say and what the farmers feel?

Jeremy Moody: The figures that the Government produced at the beginning simply smelt wrong. All three organisations here did our own independent assessments of what we thought in terms of people exposed. In our own different ways, we all came up with larger figures. There is an enormous haze around most agricultural statistics.

The figures that I came up with were looking at the number of people who are prospectively taxable. I am coming up with figures that are well above the Government's estimates. My best guess was around five times the Government's estimate. Allowing all sorts of tolerance to the Government, I could probably come down to double the Government's estimate.

There is a gap, and some of that is because they are working from historic claims. That, of course, is under the rules as they were. Some of it is, therefore, in looking at potential taxable liabilities. It is looking at where people are now with the assets that they have. Some of that includes, of course, the prospect of spouse claims that do not exist now but would be made in the future. There is still an underestimate of the number of people who have BPR farming-based claims that the Government are not really aware of.

Of course, a point that was touched on in the earlier session, but is a clear one, is that HMRC has told people that, if they are going to be fully relieved for BPR, they just put in the old balance sheet on historic cost. The market value on which they will now have to be assessed will include things such as dairy herds on the herd basis, ordinary breeding livestock on the deemed cost basis, and non-assignable tenancies that have not been in the frame. All those then move people up several bands in valuation.

There is an element here of how you can explain some of the difference. It is partly past against future. It is partly the additional elements that are not in the government picture about the future, but there is still a mysterious gap, and I can only lay that on the table in front of you.

Judicaelle Hammond: One more element is that HMRC's and the Treasury's figures look at things from one year to the next. This is not the way that businesses think. They think about generational impact, which is why we think that those figures are extremely reductive. That might explain why farmers where you are are much more concerned—and rightly so—than what the Government suggest should be the case.

Jeremy Moody: It was an awkwardness that the Government's figures were only about the deaths that they thought would happen between April 2026 and March 2027, when people down the line were thinking of deaths in 2030, 2035, and so on, which is where we have tended to do that assessment over a generation, because people are looking ahead at, "Where does my planning take me?"

Tom Bradshaw: It is also the interpretation of the HMRC data. The data is clearly correct, but what they have done is said that every estate that has an APR claim is a farm business. That is categorically not the case. If you have 30 acres and a nice house in the countryside, it does not mean that you are a farmer. When you look at the asset class, which the CenTax work looked at in detail, a lot of those who have 30 or 40 acres have a lot of assets off the farm, and the land makes up only 20% of their assets. Once you start to look at those who have made an APR and a BPR claim, two-thirds of those are impacted.

We said that, if you took out the bottom 50 acres, or those without 50 acres, you perhaps got to a more viable farming size unit, although you would need to be a lot higher than that for it really to be viable, depending on the intensity of it. We came to the fact that 75% of farming

businesses were impacted by the changes and would have to take action to avert the impending tax decision.

We have members who have spent over £20,000 on taking advice on how to plan their business to avoid the tax. That is money that should be invested in the infrastructure of food production, rather than in tax planning. That is not the annual insurance policy that they are going to have, which will be on top of that.

Jeremy Moody: We did a very detailed block of work on Northern Ireland, which is a relatively standard, fundamentally livestock-based economy, with a strong pattern of sole ownership of small but highly valuable landholdings. There are 24,000 identified farms in Northern Ireland, 6,000 of which probably produce a livelihood comfortably across that threshold. We worked through nine types of farm in Northern Ireland, from upland sheep right the way through to intensive potatoes, and pigs and poultry, that would produce a livelihood. All nine would be over the £1 million threshold, and eight of them would be if it was jointly owned. On my assessment, we came to 150 or so—we could make it 180—taxpayers a year who would come into frame. That is a third of the Government's figures just from Northern Ireland. This explains the disbelief, really. There is something that is not fully represented in the figures that have been given, which is why we have done so much quarrying. Ultimately, there is a gap that is hard to crystallise.

Judicaelle Hammond: One of the things that we have not necessarily talked about in detail today is the affordability of the tax. What you described as being asset-rich and cash-poor is definitely borne out by the figures that we have seen on return on capital employed year after year. To imagine that there is liquidity in the business is a fundamental flaw of the policy. That is a particular difficulty that, try as we might, we have not quite got the Treasury to accept or listen to.

Jeremy Moody: We are coming out at rent equivalents in a number of cases of £200 or £300 an acre on the 10-year payment basis. A different way that we looked at it in Northern Ireland was looking at the fact that, effectively, you are carrying at least half an extra employee on the books who is doing nothing for you. That is just another way of trying to put it in some perspective.

Tom Bradshaw: The farm in last night's case study from Pembrokeshire was 360 acres that that family within the partnership had. It was going to trigger a £1 million liability and would be 20 years of profit. Ten years' interest-free is one element of this, but it would be 20 years being reinvested solely for the purpose of paying a tax liability. I had another member last week, and this was a small farm.

The Chair: These are extraordinary figures.

Tom Bradshaw: For that small farm, that would be over £500,000 of liability. This was a gentleman in his early fifties, and he is saying, "What is my purpose? I have worked on the farm in the evenings and at the

weekends, and not earned any wage from it. The farm was what I was going to have. Now, how am I ever going to pay this bill? What is my reason for being here?" That is somebody in their early fifties. The human impact of this goes way beyond the economics. It is something that just is not being considered by the Government, and it is so sad.

Jeremy Moody: Going back to the economics on this one, this is a prime example, in the farming sector, at least—and there were traces of this in the previous session—of current public spending squeezing out private investment. This is the investment that we need in farming for the future, to deal with the new technologies and to answer climate change, and as part of the productivity challenge that farming has to meet. This abstraction of cash as a prior claim on the business and the family stands in the way of the better farming sector that is supposed to be part of the growth agenda.

Tom Bradshaw: Then you look at who is not going to be paying the tax. The charities will not be paying it. The corporations will not be paying it. The overseas investors will not be paying it. You end up with the family farms being the ones that are going to be paying the tax. It just seems unimaginable that that is what was planned when they decided that they were going to implement changes to inheritance tax.

Q63 **Lord Leigh of Hurley:** On the last point that you made, which was about what the intention was, the intention was a focus on investors who do not farm but own agricultural land purely for the APR benefit.

Jeremy Moody: Virtually every explanation that we have heard from the Government has been retrospective. They make a decision, then they justify it. The clearest statement, which came from Keir Starmer in the Liaison Committee, was, "We are doing it to raise money. We are not concerned with the other factors".

Tom Bradshaw: If it was the investors, this is where we have said many times to Government, "If that is who you are targeting, let us work together to work out how we close that loophole". If somebody has £50 million sitting in the bank, and they are going to pay only half the inheritance tax if they invest in land, it is still a really attractive proposition. They have not closed that loophole with the changes that they are proposing. If that was the target, they have spectacularly failed to achieve what they were setting out to do if they wanted to close that loophole.

Jeremy Moody: It reminds me of a phrase that I have used previous times, which is, "This is designed to hit those it claims to protect, and it protects those it claims to hit".

Judicaelle Hammond: We would have liked to see more consultation, particularly on the practicalities, because the only formal consultation that has happened was on trusts, which was fairly limited. The sector has not been given an opportunity until the draft Bill emerged to comment on how it is going to work, and the difficulties and the problems that need to

be addressed for the system, if it is implemented in the way that it is intended, to have any chance of not just being a disaster. Frankly, it should not be introduced until such time as the practicalities are dealt with and addressed. The lack of consultation and communication has been a problem.

Q64 **Baroness Fairhead:** Can I just ask a follow-up to that last discussion and the previous discussion? We were told that ideas, suggestions and solutions were being proposed but that it was not entirely clear that they were being listened to. Has that been your experience or do you have good engagement?

Tom Bradshaw: We have all put forward a joint solution, which we term the clawback proposal. Rather than the inheritance tax bill being triggered on death, it would be triggered on the sale of the asset if that was in a seven or 10-year period after the inheritance of the asset. Effectively, when you turned the paper wealth into real wealth, you would be taxed on it. That was point-blank refused, but they have never been willing to share the analysis, which they stood at the Dispatch Box and said they had done. Even under freedom of information requests, they have been unwilling to share the detailed analysis of why they have turned down that proposal, and that is making us raise questions as to whether that analysis has genuinely been done.

Baroness Bowles of Berkhamsted: Presumably that is because it just defers when the money comes in.

Tom Bradshaw: Yes.

The Chair: I suspect that it is because the Government want the money now.

Jeremy Moody: In terms of the main question, we have found civil servants very accessible. We have been listened to, but we have had, in essence, a firm lack of response, if I put it that way. At the political, ministerial level, it has been a stonewall.

The Chair: We are not questioning the policy, of course. We are looking at whether the implementation of it can be improved. We are very grateful to you for the very forthright way in which you have expressed your concerns. What I will now do is adjourn this formal part of the committee, and we can resume our consideration after that.