



**Welsh Affairs
Committee**

Tuesday, 3 February 2026

**Rt Hon James Murray MP
Chief Secretary to the Treasury
HM Treasury**

**Follow up questions from the Government's response to our report into
*Farming in Wales in 2025: Challenges and Opportunities***

Dear James,

I am writing to request further information regarding the [Government's response](#) to the Welsh Affairs Committee's report into [Farming in Wales in 2025: Challenges and Opportunities](#), published on 12 November 2025.

Following its consideration of the Government's response, the Committee would welcome further clarification on the Government's response to our recommendation concerning the proposed changes to Agricultural Property Relief (APR) and Business Property Relief (BPR).

The Committee recognises the benefit to those set to inherit farmland in Wales of the Government's decision to raise the inheritance tax threshold for farming estates from £1 million to £2.5 million. However, we remain concerned by the continued absence of data relating to the number of Welsh farming estates that may be impacted by the reforms to APR and BPR from April 2026 onwards.

In its response to our recommendation on agricultural inheritance tax, the Government said:

"Information from claims is not recorded to enable regional or national breakdowns of the number of estates expected to be affected. [...] Inheritance tax is currently a paper-based system and a geographical location of agricultural assets in historic claims for relief by taxpaying and non-taxpaying estates is not readily available. As part of the work to modernise HMRC, this will be digitised in the future."



Welsh Affairs Committee

As described in our report of 12 November 2025, the only way both we and the Government can fully understand the impact of the Government's reforms in Wales is if APR and BPR data detailing the number of farming estates that accrue an inheritance tax liability can be identified by location. Therefore, to coincide with the introduction of the reforms, I should be grateful if you could confirm that from April 2026, HMRC will introduce the collection of digitised data which will allow farming estates affected by the changes to APR and BPR to be identified by geographical location.

I would also welcome a commitment that Wales specific data will be made available to us to enable scrutiny of the impact of the changes on a nation-by-nation basis.

I would appreciate a reply by 3 March.

Yours sincerely,

Ruth Jones MP
Chair of the Welsh Affairs Committee



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Ruth Jones MP
Chair of the Welsh Affairs Committee

25 February 2026

Dear Ruth,

I am writing in response to your letter of 3 February 2026 with follow up questions on the Government's response to the Welsh Affairs Committee's report into Farming in Wales in 2025.

You ask us for confirmation that from April 2026, HMRC will introduce the collection of digitised data which will allow farming estates affected by the changes to Agricultural Property Relief (APR) and Business Property Relief (BPR) to be identified by geographical location, and for us to commit to making Wales specific data available to enable scrutiny of the impact of the changes on a nation-by-nation basis.

As set out in our previous response to the Committee, information from claims is not currently recorded in a way that enables regional or national breakdowns of the number of estates expected to be affected. While Inheritance Tax (IHT) returns currently capture information on the main residence of the deceased (i.e. where they lived), this cannot be relied upon for accurate regional analysis of agricultural assets, as the deceased may have lived in one region or nation, but have held assets in another part of the country. This point was also acknowledged by CenTax in its independent report on reforms to APR and BPR in August 2025.

In addition, the administration of IHT is predominantly paper-based, and any analytical exercise to examine geographical data in historic claims for relief would also require significant additional resource to carry out manual sampling of historical returns.

As announced at Autumn Budget 2024, the Government has committed £52 million to digitalise the IHT service from 2027-28 to provide a modern, easy-to-use system, making returns and paying tax simpler and quicker. The exact specification of the new service is yet to be finalised, but enhancing support for monitoring the impact of policy change is a consideration in its design. Factors relating to the upcoming changes to APR and BPR are included in design work, as well as consideration of how to record geographical information relating to agricultural assets.

HMRC is considering how to gather improved data on geographical and other factors in the period from 6 April 2026, but this will still ultimately remain reliant on the quality and nature of data submitted via the existing IHT returns process.

Best Wishes,

A handwritten signature in black ink, appearing to read 'DM Tomlinson', written in a cursive style.

DAN TOMLINSON MP
EXCHEQUER SECRETARY TO THE TREASURY