

# Agricultural Relief



Agricultural Relief is available on the Agricultural value of the Agricultural Property which is transferred. The Agricultural Property can be owner-occupied or let.



Relief is only due if the transferor has owned the property and it has been occupied for Agricultural purposes for a minimum period.



The Relief operates in the same as Business Relief by reducing the value transferred by a transfer of qualifying Agricultural Property.

## In Detail

### What is Agricultural Property?

For the purpose of the Relief, Agricultural Property must be in the UK, Channel Islands or the Isle of Man. The term means agricultural land or pasture, but it also includes:

Any farmhouses, cottages or buildings, which are of a character appropriate to the property.

Woodlands and buildings used for intensive rearing of livestock (or fish), if those woodlands or buildings are occupied with Agricultural land or pasture and the occupation is ancillary to that of the agricultural land or pasture (where woodlands are Agricultural Property, however, they are not eligible for the woodlands Relief).

Growing crops, when transferred with the land.

Stud farms engaged in the breeding and rearing of horses and land used for grazing associated with those activities.

Land and buildings used in the cultivation of short rotation coppice, for transfers on or after 6 April 1995. More on short rotation coppice.

Any land within a habitat scheme for transfers on or after 26 November 1996. More on habitat schemes.

### When is Agricultural Relief available?

Relief is available for transfers

- In life.
- On death.
- When Agricultural Property is chargeable as settled property.

Relief is not normally available if the Agricultural Property is subject to a binding contract for sale at the time of the transfer.

### What is the Agricultural value?

The Relief applies only to the agricultural value of Agricultural Property. This is the value the property would have if it could only be used as Agricultural Property.

## In Detail

The Relief does not extend to any other element in the open market value of such property, for example:

- Development value (though Business Relief may occasionally be available).
- The additional value of a house as a desirable country residence.

### Farmhouses and cottages

Agricultural Relief is allowable on the Agricultural value of farm cottages occupied for Agricultural purposes with Agricultural land or pasture. To qualify for Relief the farm cottage must meet the conditions about the period of occupation and ownership.

If the cottage has a value above its Agricultural value because it could be attractive as a second home, for example, that additional value will not attract Agricultural Relief.

Normally a farm cottage or farmhouse occupied by someone who is not employed in Agriculture will not qualify for Relief. By concession, a cottage occupied by a retired farm employee or their widow, widower or surviving civil partner is treated as being occupied for Agricultural purposes if either:

- The occupier is a statutorily protected tenant, or
- the occupation is under a lease granted to the farm employee for his or her life, and that of any surviving spouse or civil partner, as part of the employee's contract of employment by the landlord for Agricultural purposes.

### What is the rate of Relief?

Either 100% or 50%.

Agricultural Relief is due at 100% if:

- Immediately before the transfer the transferor had the right to vacant possession of the property or the right to obtain it within the next twelve months, or Land was let on a grazing licence.
- Property is let on a tenancy beginning on or after 1 September 1995, or the transitional provisions for let property apply.

Relief is due at a lower rate of 50% in any other case (principally where property is let on a tenancy granted before 1 September 1995 and the transitional provisions do not apply).

### When is transitional Relief at 100% available?

In some circumstances land let on a tenancy starting before 10 March 1981 may qualify for Relief at 100% on a transfer after that date.

The conditions are, that the:

- Transferor owned the land since before 10 March 1981, and;
- Land would have qualified for full Agricultural Relief under Schedule 8 FA 1975 had it been transferred before 10 March 1981, and;
- transferor, neither had nor could have had, the right to vacant possession between that date and the date of the current transfer.

