Ulster Farmers' Union

A BUDGET TO BACK FARMING

UK GOVERNMENT 2026 AUTUMN BUDGET PRE-BUDGET SUBMISSION FROM THE ULSTER FARMERS' UNION

Wednesday 9th September 2026

Foreword

The 2026 Autumn Budget is an opportunity for the Government to deliver *A Budget To Back Farming*.

Farm businesses across Northern Ireland want to invest. They want to improve productivity, strengthen resilience, modernise infrastructure, support the next generation, and continue to produce high-quality food. But investment in their farm business depends on confidence, and confidence depends on having a tax, funding, and regulatory environment that recognises the realities of running a farm business.

In recent years, farmers have faced substantial increases to input costs, major changes to taxation, rising labour costs, and growing regulatory demands. At the same time, they are being asked to invest more in environmental improvement, animal welfare, infrastructure, and long-term business resilience. Government policy must work to enable that investment, rather than make it more difficult.

This submission sets out a practical package of measures that would help do exactly that. From reversing the changes to Agricultural Property Relief and Business Property Relief, to improving capital allowances, protecting agricultural funding, supporting affordable fuel and labour costs, and creating stronger incentives for long-term investment, these proposals are designed to give farmers greater certainty and confidence.

The Ulster Farmers' Union believes this Budget should mark a reset in the relationship between the Government and agriculture. Farmers are ready to invest in their business, their families and the future of food production, but they need the Government to provide the conditions to make that investment possible.

The Prime Minister and the Chancellor now have an opportunity to demonstrate that agriculture and our rural businesses are valued, that family farms are integral to the Government's economic growth agenda, that food security is national security, and that they are prepared to back those who produce our nation's food, in all four nations.

This should be *A Budget To Back Farming*.

John McLenaghan
President
Ulster Farmers' Union

Executive Summary

The Ulster Farmers' Union (UFU) is seeking a package of tax, funding and regulatory measures in the 2026 Autumn Budget to improve farm business viability, investment capacity and long-term resilience in Northern Ireland.

The UFU calls on HMG to:

- reverse the April 2026 reforms to Agricultural Property Relief and Business Property Relief and restore 100% relief for qualifying agricultural and business property;
- extend the CGT roll-over relief reinvestment period for compulsory purchase from three to at least six years and broaden eligible reinvestment options;
- increase Northern Ireland's agricultural funding baseline from £329.4 million to at least £432 million, with future annual inflationary uplifts and multi-year certainty;
- retain rebated fuel duty on red diesel at 6.48p/litre beyond December 2026;
- review the planned expansion of Making Tax Digital, including the £20,000 threshold, farmers' averaging relief and future application to partnerships;
- suspend UK CBAM implementation for fertiliser pending a full assessment of agricultural impacts, or provide rates and default emissions values sufficiently in advance;
- increase the Annual Investment Allowance from £1 million to £5 million and include items currently eligible for Structures and Buildings Allowance;
- introduce a tax incentive for long-term agricultural land leasing;
- agree a full Northern Ireland Fiscal Framework reflecting relative need, including agriculture, while protecting the treatment of the agricultural funding baseline; and
- ensure 2027 NMW/NLW uprating reflects inflation, business affordability and cumulative labour-cost pressures.

Acronyms

APR – Agricultural Property Relief
AWBNI – Agricultural Wages Board of Northern Ireland
BPR – Business Property Relief
CAP – Common Agricultural Policy
CBAM – Carbon Border Adjustment Mechanism
CENTAX – Centre for the Analysis of Taxation
CGT – Capital Gains Tax
CPI – Consumer Price Index
DAERA – Department of Agriculture, Environment and Rural Affairs
EU – European Union
HMG – His Majesty's Government
HMRC – His Majesty's Revenue and Customs
NMW – National Minimum Wage
NLW – National Living Wage
IHT – Inheritance Tax
MTD – Making Tax Digital
NI – Northern Ireland
ONS – Office for National Statistics
ROI – Republic of Ireland
UFU – Ulster Farmers' Union
UK – United Kingdom

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Agricultural Property Relief & Business Property Relief

The UFU is calling on HMG to fully reverse the changes to Agricultural Property Relief (APR) and Business Property Relief (BPR), restoring 100% relief for qualifying agricultural and business property, as a means to reset HMG's relationship with agriculture and the rural community. The UFU acknowledges that the previous Government significantly amended its original proposals, and whilst the concessions in November and December 2025 were welcome and will reduce the number of farm businesses affected, they do not address the fundamental problem with the policy, that genuine working family farms remain exposed to inheritance tax simply because the value of the productive assets needed to operate the business exceeds a Government-set threshold.

Since April 2026, 100% APR and BPR have been restricted to the first £2.5 million of combined qualifying agricultural and business property per individual with qualifying assets above this threshold resulting in an effective IHT rate of 20%. Any unused £2.5 million allowance can be transferred between spouses and civil partners, allowing a couple to potentially pass on up to £5 million in qualifying assets before IHT in addition to other applicable allowances. IHT attributable to qualifying APR or BPR property can be paid in equal annual instalments over ten years interest-free. The UFU acknowledges that this represents a substantial improvement on the policy originally announced at the 2024 Autumn Budget, as the initial proposal would have restricted 100% APR and BPR to only £1 million and did not initially provide for transferability of the allowance between spouses. However, continuing to raise the threshold does not correct the fundamental flaw in the policy; it merely reduces the number of farm business caught by it at any one time. The principle remains that a genuine working family farm can now incur inheritance tax liability because the capital value of the productive assets required to operate the business exceeds an arbitrary threshold.

The structure of Northern Ireland agriculture makes this specifically important, as farming in the province is overwhelmingly based upon family ownership, owner-occupation, and intergenerational succession. Statistics show that 52% of NI farms are entirely owner-occupied, while a further 43.2% operate through a mixture of owned and rented land. Only 4.6% are entirely rented or leased[1]. The value of these farms must not be confused with the ability of the businesses operating upon them to generate cash, and land, machinery, livestock, and working capital are productive

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[1] Department of Agriculture, Environment and Rural Affairs (DAERA), DAERA Statistical Review for NI 2021, https://www.daera-ni.gov.uk/sites/default/files/publications/daera/22.23.050%20Stats%20Review%20for%202021%20Final%20V2.pdf (accessed 29 September 2025)

assets and the means by which an income is generated rather than a store of personal wealth.

DAERA's detailed assessment of the original reforms illustrates the scale of the disconnect between asset values and ordinary family farming in NI. Using an estimated combined agricultural and business property value of approximately £21,000 per acre, DAERA estimated that 48.9% of NI farms would have exceeded the original £1 million threshold, with those farms accounting for approximately 80% of the agricultural area farmer in NI. Exposure was particularly acute in the dairy sector with 87% of farms exceeding the original threshold.[2] These figures were calculated against the Government's original proposal and therefore should not be interpreted as an estimate of the proportion of NI farms exceeding the current allowance, but they provide important evidence of the unusually high capital intensity of NI agriculture and demonstrate why headline farm valuations are a poor proxy for either income or the ability to pay an IHT liability. There is also significant evidence that restricting APR and BPR does not neatly distinguish between passive investments in agricultural land and genuine working farms. Independent analysis by CenTax, using HMRC administrative data, found under the *original* reform design that owner-farmers represented only 17% of farm estates but 37% of impacted farm estates UK-wide. By contrast, the analysis shows that landowners constituted 64% of all farm estates yet only 42% of those impacted[3].

The policy also cuts across wider Government objectives for food security, agricultural investment, productivity and generational renewal. Farm businesses require long-term investment, and a tax regime which encourages families to retain liquidity for future IHT liabilities, restructure otherwise viable businesses for tax reasons, or sell productive land following a death risks diverting investment away from the measures needed to improve agricultural productivity and resilience.

The UFU remains particularly concerned that the reforms were introduced without a sufficiently robust assessment of their impact on genuine working farms. Our previous evidence to UK Parliament committees and HMG departments has highlighted the absence of a comprehensive affordability analysis examining whether affected businesses could meet IHT liabilities without mortgaging or selling productive assets, alongside inadequate consideration of the knock-on consequences for rural employment, suppliers, processors, and the wider rural economy. The improvements

[2] Department of Agriculture, Environment and Rural Affairs (DAERA), *Further DAERA Assessment of the Impact of the Inheritance Tax Changes in UK Budget Statement of 30 October 2024 on the Agriculture Sector*, 1–9, https://www.daera-ni.gov.uk/publications/inheritance-tax-changes-uk-budget-statement-30-october-2024 (accessed 30 September, 2025).

[3] Arun Advani, Priya Gazmuri, Richard Barker, Anita Mahajan, and Jonathan Summers, *The Impact of Changes to Inheritance Tax on Farm Estates*, https://centax.org.uk/wp-content/uploads/2025/08/AdvaniGazmuribarkerMahajanSummers2025_TheImpactOfChangesToInheritanceTaxOnFarmEstates.pdf (accessed 26 September 2025)

announced since the original proposal demonstrate that the Government recognised that its initial policy was disproportionate. Nevertheless, increasing the threshold changes the number of farms affected; it does not resolve the underlying principle that productive family farming assets should be exposed to IHT in this way.

The UFU therefore calls on the Chancellor, as part of the forthcoming Budget, to complete the change of course already begun and restore 100% APR and BPR for qualifying agricultural and business assets. A full policy reversal would provide certainty for family farms, protect productive agricultural assets, support long-term investment and succession planning, and recognise the distinctive economic and social role of family farming in maintaining UK food security.

The fiscal returns from these reforms are remarkably small when weighted against the disruption they have already caused across the farming sector. Once fully operational, the entire APR and BPR package is forecast to rase less than £300 million per year[4], and only a proportion of that revenue will come from agricultural estates. In the context of total HMG revenues, reversing the change would represent a comparatively modest fiscal cost. By contrast, the economy consequences have been profound. Since the reforms were announced, farm businesses have delayed or cancelled investment, reconsidered succession plans and retained capital that would otherwise have been invested in land, buildings, machinery, technology, and productivity. Evidence shows that upon the original announcement, 49% of farm businesses across the UK had already paused or cancelled planned investment, with a further 34% having deferred or reduced investment[5]. Further evidence presented to the House of Lords Finance Bill Sub-Committee found that, of 4,200 family businesses surveyed by CBI Economics, 60% expected to reduce investment as a result of the APR and BPR reforms[6].

The concerns raised by the UFU has been reinforced by the House of Lords Economic Affairs Committee's Finance Bill Sub-Committee, which undertook detailed scrutiny of the APR and BPR reforms and concluded that significant practical problems remained despite the concessions already made by HMG. The Committee highlighted that the particular liquidity pressures facing asset-rich but cash-poor farms, the increased complexity and cost of valuations, the risk that productive assets may need to be sold

[4] His Majesty's Revenue and Customs (HMRC), Policy Paper: Agricultural property relief and business property relief changes – Summary of Impacts (London: HMRC: March 2026), https://www.gov.uk/government/publications/changes-to-agricultural-property-relief-and-business-property-relief/agricultural-property-relief-and-business-property-relief-changes#summary-of-impacts (accessed 13th August 2026)

[5] Family Business UK, 200,000 jobs lost from BPR & APR Change, https://familybusinessuk.org/200000-jobs-lost-from-bpr-apr-change/ (accessed 13th August 2026)

[6] House of Lords Economic Affairs Committee, *Inheritance Tax Measures: Unused Pension Funds and Agricultural and Business Property Reliefs*, 3rd Report of Session 2024–26, HL Paper 250, https://committees.parliament.uk/publications/51663/documents/287632/default/ (accessed 27 August 2026)

to meet IHT liabilities, and the Government's failure to address the wider economic consequences of the reforms[7]. Many of its recommendations reflected concerns raised by the UFU and the other UK farming unions, including extending the six-month deadline for the first IHT payment to at least 12 months, undertaking proper long-term monitoring of the impact on farms and succession planning, and examining the specific disadvantages faced by older farmers through the failure to remove the anti-forestalling clause[8]. However, HMG rejected the many of the Committee's recommendations, while only partially accepting proposals for a seven-year assessment of the reforms and relying largely on existing HMRC administrative statistics rather than committing to the qualitative research proposed by the Committee[9]. The UFU believes that the rejection of these pragmatic recommendations further demonstrates why incremental mitigation is insufficient and why HMG should use the Budget to reverse the policy in full and reset HMG's relationship with agriculture. Despite this growing evidence of reduced investment, employment and business activity, HMRC's updated impact assessment continues to state that the reforms are not expected to have any significant macroeconomic impact[10]. The UFU considers that conclusion difficult to reconcile with the behavioural evidence now available from affected farms and family businesses.

The average age of a farmer in both NI and the rest of the UK is 59 years old[11]. This generation has lived, worked, and planned their entire lives under a long-standing understanding that they would not face inheritance tax on their working farms, supported by successive Governments and professional advisers. To have changed the rules so significant and abruptly, without a meaningful transition or any real warning, was both unfair and morally indefensible as older farmers, who have already structured their estates and succession plans in good faith based on existing reliefs, should not be penalised for acting on that legitimate expectation and, by virtue of their age or physical condition, have no means by which to adjust their plans. The Government can put this right immediately and at a very small cost.

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[7] House of Lords Economic Affairs Committee, *Inheritance Tax Measures: Unused Pension Funds and Agricultural and Business Property Reliefs*, 3rd Report of Session 2024–26, HL Paper 250, https://committees.parliament.uk/publications/51663/documents/287632/default/ (accessed 27 August 2026).
[8] Ulster Farmers' Union (UFU), *Written Evidence (DFI0118) to the House of Lords Economic Affairs Committee Finance Bill Sub-Committee Inquiry into the Finance Bill 2025–26*, https://committees.parliament.uk/writtenevidence/149382/html/ (accessed 27 August 2026)
[9] HM Treasury, *House of Lords Finance Bill Sub-Committee: Inheritance Tax Measures: Unused Pension Funds and Agricultural and Business Property Reliefs – Government Response*, https://committees.parliament.uk/publications/52446/documents/291079/default/ (accessed 27 August 2026)
[10] HM Revenue & Customs, *Policy paper: Agricultural property relief and business property relief changes,* https://www.gov.uk/government/publications/changes-to-agricultural-property-relief-and-business-property-relief/agricultural-property-relief-and-business-property-relief-changes (accessed 27 August 2026)
[11] Department of Agriculture, Environment and Rural Affairs (DAERA), Updates of Equality (Section 75) Indicators for Farmers, https://www.daera-ni.gov.uk/news/update-equality-section-75-indicators-farmers (accessed 3 October 2025)

Capital Gains Tax Roll-Over Relief for Compulsory Purchase

The UFU calls on HMG to reform CGT rollover relief, with particular recognition of the circumstances faced by farmers and landowners whose property is acquired compulsorily for public infrastructure.

A compulsory purchase is fundamentally different from an ordinary commercial disposal. The landowner has not chosen to sell an appreciating asset or realise a capital gain; rather, land is being taken to facilitate a project considered to be in the wider public interest. Nevertheless, HMRC confirms that land acquired compulsorily remains subject to CGT in the normal way, subject to specific reliefs. For individuals in 2026-27, CGT is generally charged at 18% for basic-rate taxpayers and 24% for higher-rate taxpayers, while the annual exempt amount is only £3,000. The tax system recognises the involuntary nature of these disposals through specific rollover provisions contained in section 247 of the Taxation of Chargeable Gains Act 1992[12]. Where land is disposed of to an authority exercising or possessing compulsory purchase powers, a landowner can claim to defer the gain where the compensation is reinvested in acquiring replacement land, provided the relevant statutory conditions are satisfied. Importantly, HMRC confirms there is no general requirement for either the original or replacement land to be used for a particular trade or purpose, although restrictions apply in relation to a dwelling used as the taxpayer's main residence.

The relief is extremely valuable, but the UFU believes its operation is too restrictive for the realities of modern compulsory purchase, particularly within agriculture in NI. Under the current rules, replacement land must be normally acquired, or an unconditional contract entered into, within 12 months before, or 36 months after the disposal of the original asset. Although HMRC has discretion to extend this period, an extension is not automatic, and HMRC guidance states that a claimant generally needs to demonstrate that they had a firm intention to acquire replacement assets within the statutory period, were prevented from doing so by circumstances outside of their control, and acted as soon as reasonably possible thereafter[13]. Significantly, HMRC will normally only consider an extension after the replacement asset has actually been acquired.

This places an unnecessary risk on a farmer who has already had land taken from them through no choice of their own. Suitable agricultural land must be available in an appropriate location, at an appropriate price and, particularly where the land forms part

[12] UK Parliament, Taxation of Chargeable Gains Act 1992, s. 247, https://www.legislation.gov.uk/ukpga/1992/12/section/247 (accessed 14th August 2026).
[13] Saffery, Compulsory purchase orders: tax challenges for rural landowners, https://www.saffery.com/insights/articles/compulsory-purchase-orders-tax-challenges-for-rural-landowners/ (accessed 14th August 2026)

of an existing farm unit, close enough to the holding to be farmed economically. A landowner may therefore be willing and actively seeking to reinvest their compensation yet remain unable to identify suitable replacement land within three years. HMRC's own guidance explicitly recognises that genuine difficulty in finding suitable replacement assets may justify an extension of the statutory period. This discretion demonstrates that the current statutory window will not always reflect commercial reality. The current rules can also constrain how compensation is reinvested, as HMRC guidance provides that compulsory-purchase rollover relief operates where compensation is used to acquire new land. By contrast, the wider Business Asset Rollover Relief can, subject to its conditions, recognise qualifying expenditure on improving assets already owned. HMRC guidance specifically identifies an exception for certain improvements where land has been compulsory purchased.

For farming businesses, this distinction is important, as where ten acres are removed from a farm for an infrastructure project, purchasing another ten acres may not be the most economically efficient or even practically available means of restoring the productive capacity lost. The farmer may instead need to invest in addition buildings, slurry storage, livestock accommodation, drainage, access, or improvements to the existing holding. The tax system should not incentive a farmer to purchase land simply to satisfy rollover rules where reinvesting compensation elsewhere in the productive farm business would produce a better economic outcome. The principle underpinning compensation for compulsory acquisition should be that, as far as practicable, the affected landowner is placed in an equivalent position to that which existed before their property was taken. The tax system should support rather than frustrate that principle. A farmer should not suffer an immediate CGT charge because Government or a public authority has required land for a road, electricity network, water infrastructure, or another public project and suitable replacement land cannot be obtained within an arbitrary period.

The UFU therefore calls on the Government to extend the statutory reinvestment period for land acquired compulsorily from three years to at least six years after disposal, removing the need for affected farmers to rely upon discretionary HMRC extensions, allow the period to be extended further automatically where the taxpayer can demonstrate that they are continuing to seek replacement land, broad compulsory purchase rollover relief so compensation can be reinvested not only in replacement land but in qualifying capital improvements and productive assets within the affected farm business, and ensure that farmers who have land taken involuntarily are not left with a CGT liability simply because the practical circumstances of the land market prevent them from replacing that land within the prescribed timeframe.

Future Agricultural Funding

The NI agricultural budget must be adjusted to reflect the substantial erosion on its value since the UK left the EU. HMG provided £329.4 million annually to NI to replace former EU CAP payments, which is a cash allocation that has subsequently been baselined within the NI block grant and remains the principal source of funding for the Sustainable Agriculture Programme. However, its nominal value has not kept pace with the substantial increase in prices since 2020.

ONS data shows that the CPI increased from an annual average of 108.7 in 2020 to 142.5 in June 2026, an increase of approximately 31%[14]. Maintaining the purchasing power of the original £329.4 million would therefore require an annual agricultural budget oof approximately £432 million. The existing settlement is now over £100 million per year below its inflation-adjusted 2020 value, representing the loss of almost one-quarter of its purchasing power in real terms.

Moreover, CPI arguably understates the inflationary pressures experienced by agriculture. DEFRA's Agricultural Price Index shows that by May 2026 the overall cost of agricultural inputs was 36.2% higher than in 2020, with energy and lubricants 80.6% higher and fertilisers and soil improvers 121.5% higher[15]. An uplift based on CPI should therefore be regarded as the minimum necessary to maintain the effectiveness of agricultural support rather than an expansion in its real value.

This erosion comes at the same time as agriculture is being asked to deliver an increasingly broad range of objectives through the SAP, including improved productivity, environmental outcomes, and carbon reduction. DAERA has confirmed that the £329.4 million allocation is the main source of funding for SAP and that funding will progressively be redirected from the Farm Sustainability Payment towards other measures within the programme[16]. Attempting to deliver a wider range of policy objectives from a funding envelope worth substantially less in real terms inevitably means either reducing support to individual farm businesses, restricting the ambition of new schemes, or both.

The UFU therefore calls for the agricultural funding baseline to be increased to at least £432 million per annum, restoring the real value of the original post-EU funding commitment, and for future settlements to include an automatic annual inflationary

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[14] Office for National Statistics (ONS), *CPI INDEX 00: ALL ITEMS 2015=100*, https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23 (accessed 14 August 2026)
[15] Department for Environment, Food and Rural Affairs (DEFRA), *Agricultural prices indices – United Kingdom: May 2026,* https://www.gov.uk/government/statistics/agricultural-price-indices/agricultural-price-indices-united-kingdom-may-2026/ (accessed 14 August 2026)
[16] Department of Agriculture, Environment and Rural Affairs (DAERA), *Sustainable Agriculture Programme Q&A,* https://www.daera-ni.gov.uk/articles/sustainable-agriculture-programme-qa/ (accessed 14 August 2026)

uplift. This commitment should be provided on a multi-annual basis to give farm businesses and the NI Executive the certainty required to plan investment agricultural policy over the long term.

Fuel Duty

The UFU calls on HMG to make permanent the current reduced rate of fuel duty on rebated gas oil (red diesel) used by agriculture, retaining the rate at 6.48 pence per litre beyond 31 December 2026.

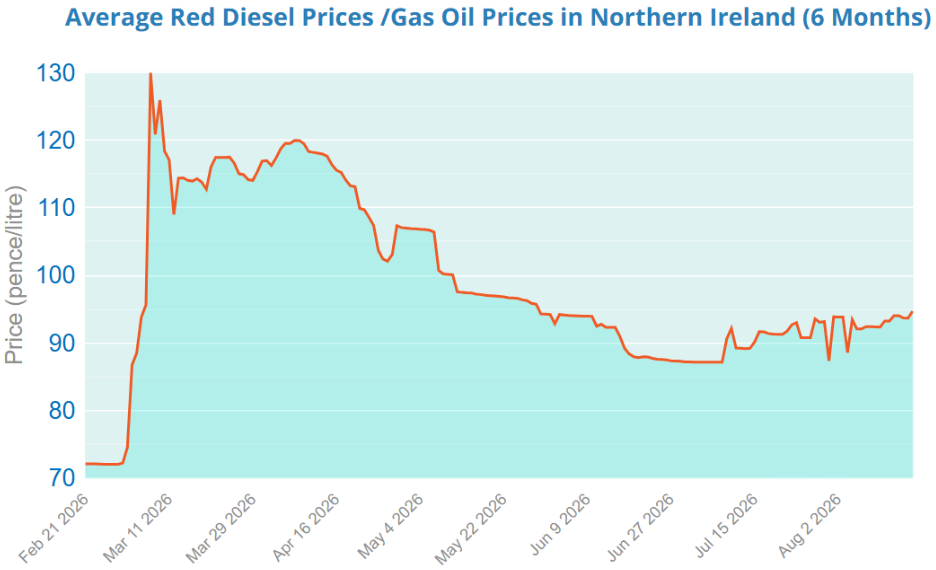
In May 2026, HMG announced a further temporary reduction in the duty applied to red diesel, cutting the rate by 3.7 pence per litre from 10.18 pence to 6.47 pence from 15 June until 31 December 2026[17]. HM Treasury stated that the measure was specifically intended to support farmers and other eligible users facing elevated fuel prices, describing the reduction as cutting duty on red diesel by more than one-third and taking it to its lowest rate in more than 20 years. The UFU strongly welcomed this intervention after a call for action from all four UK farming unions. However, the benefit is currently temporary, and the rate is due to rise from 6.48 pence per litre to 10.76 pence per litre on 1 January 2027, before returning to 11.14 pence per litre from 1 March 2027, unless the Government takes further action at the Budget. This would represent an increase of approximately 72% compared with the current rate.

Red diesel is a vital input for agricultural operations. Tractors, combines, forage harvesters, loaders, and other machinery are reliant upon the commercial viable rate of fuel. DEFRA data demonstrates that red diesel was used by 98% of farm businesses within the Farm Business Survey population of 2023/24. Fuel intensity is particularly significant in sectors such as dairy, pigs and poultry, where more than half of surveyed businesses at UK-wide used over 150 litres of red diesel per hectare. The current reduction therefore provides direct and easily understood support to productive farm businesses. Compared with the scheduled rate, retaining current duty levels represents a saving of 4.66 pence on every litre consumed. A farm using 10,000 litres of red diesel would save approximately £466, and these are incredibly meaningful savings that are invested elsewhere in the business to support economic growth. The Government has already recognised that high fuel costs have a direct impact upon the cost of agricultural production and ultimately on the resilience of the food supply chain. In announcing the 2026 reduction, HM Treasury explicitly stated that the measure was intended to keep the cost of doing business down for farmers at a time when red-diesel prices were around 50% above their pre-crisis level. Allowing the duty rate to rise again only months later would withdraw that support despite many of the underlying cost pressures facing agriculture remaining outside farmers' control.

The underlying cost of fuel remains highly volatile, and red diesel and wider diesel prices have moved sharply upwards and downwards during 2026 in response to

[17] HM Revenue & Customs, *Policy Paper: Amended Fuel Duty rates: 2026 to 2027,* https://www.gov.uk/government/publications/amended-fuel-duty-rates-for-2026-to-2027/amended-fuel-duty-rates-2026-to-2027 (accessed 19 August 2026)

changes in crude oil markets, geopolitical disruption, and supply constraints. While prices eased from the exceptional highs recorded in the year, this should not be interpreted as evidence that the underlying cost pressure has disappeared. Indeed, wholesale fuel markets have again faced upward pressure through July and August, with tighter diesel supplies and renewed geopolitical uncertainty contributing to rising prices.



[18]

The UFU therefore calls on the Chancellor to use the Autumn Budget to retain the rebated Fuel Duty rate for red diesel at 6.48 pence per litre permanently, or at minimum commit to maintaining the rate for the duration of the Spending Review period. This would provide targeted support to primary food production, improve certainty for farm businesses and help contain one of the most significant unavoidable operating costs facing the agricultural industry.

[18] BoilerJuice.com, Average Red Diesel Prices /Gas Oil Prices in Northern Ireland (6 months), https://www.boilerjuice.com/red-diesel-prices-northern-ireland/ (accessed 19 August 2026)

Making Tax Digital

The UFU supports the principle of a modern and efficient tax system but is concerned that the continued expansion of MTD for Income Tax risks imposing disproportionate administrative and financial burdens on small family farming businesses. Many farm businesses are already familiar with MTD through VAT, but for Income Tax, it is a separate regime and represents a further reporting obligation for self-employed individuals. From April 2026, sole traders with qualifying gross incomes over £50,000 are required to comply, with the threshold schedule to fall to £30,000 from April 2027 and £20,000 from April 2028[19]. Partnerships are not yet mandated into MTD for Income Tax, although HMG has confirmed that they will be brought within the regime at a later date[20].

A significant portion of farm businesses operate as sole traders or family partnerships, and the use of gross qualifying income rather than profit to determine whether business falls within MTD is especially problematic for farming. The structure of NI agriculture makes the expansion of MTD particularly significant. Research using ONS UK Business Counts and agricultural census data estimated that, in 2022, 73% of NI farm enterprises operated as sole proprietors and a further 24% as partnerships, with companies only accounting for 3%[21]. In NI, sole traders represent 73% of farm businesses, whereas the UK average is 58%, demonstrating how NI agriculture particularly is most hit by the new MTD requirements. This means approximately 97% of NI farm businesses were operated through structures potentially relevant to the Income Tax regime rather than Corporation Tax. Further, agriculture is a high-turnover, high-cost industry and a relatively small farm can record gross receipts well above £20,000 while producing only a modest level of net income once expenditure on feed, fertiliser, fuel, veterinary costs, machinery and other essential inputs is taken into account. The progressive reduction in the threshold therefore risks bringing increasingly small and low-profit farm businesses within a more demanding reporting regime simply because of their turnover rather than their capacity to absorb additional administrative costs.

The UFU is also concerned about the additional and burdensome requirements associated with MTD for Income Tax. Farmers within scope must maintain appropriate

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[19] HM Revenue & Customs, *Making Tax Digital for Income Tax,* https://www.gov.uk/government/collections/making-tax-digital-for-income-tax (accessed 19 August 2026)

[20] HM Revenue & Customs, *Guidance: Find out if and when you need to use Making Tax Digital for Income Tax,* https://www.gov.uk/guidance/find-out-if-and-when-you-need-to-use-making-tax-digital-for-income-tax (accessed 19 August 2026)

[21] Mika W. Shin, Anne Kinsella, Michael Hayden and Bridget McNally, *The Role of Collaborative Farming in Generational Renewal and Farm Succession*, International Food and Agribusiness Management Review, Vol. 27, Issue 1 (2024), pp. 95–114, https://mural.maynoothuniversity.ie/id/eprint/18747/1/MH_the%20role.pdf (accessed 19 August 2026).

digital records and provide quarterly information to HMRC through compatible software, in addition to their existing year-end obligations. This is a significant change for many farm businesses and the practical impact of the new regime on farming remains largely untested. Agriculture is highly seasonal, with income and expenditure often concentrated at particular points in the year, meaning quarterly figures may provide only a limited picture of the underlying performance of a farm business.

This concern is particularly relevant to farmers and market gardeners who use farmers' averaging relief. The relief exists because agricultural profits can fluctuate significantly between years as a result of factors such as commodity prices, weather, disease outbreaks and volatile input costs. The existing exemption from MTD for Income Tax for farmers using averaging relief should therefore be extended. It would be premature to withdraw this protection before MTD has been properly tested across the agricultural sector and before there is clear evidence that the interaction between quarterly reporting, year-end adjustments and farmers' averaging relief is straightforward and workable in practice. The UFU calls on HMG to extend the averaging relief exemption beyond its current temporary period and retain it until the operation of MTD for affected farming businesses has been fully assessed.

The potential burden is also greater for diversified farm businesses. Increasing numbers of farm families have developed additional income streams through activities such as agricultural contracting, renewable energy, tourism, accommodation, food processing, direct sales and other rural enterprises to improve resilience and supplement core agricultural income. These businesses can have multiple and highly seasonal income streams, increasing the complexity of digital record keeping and quarterly reporting. Diversification is regularly encouraged as a means of strengthening farm viability and the wider rural economy, and the tax system should not create an additional financial or administrative disincentive for farmers seeking to diversify. The cost of compatible software, professional accountancy support and additional administrative time can be disproportionately high for smaller diversified farms.

The UFU therefore calls on HMG to review the planned reduction of the MTD for Income Tax threshold to £20,000 before it takes effect in April 2028, with particular consideration given to high-turnover, low-margin sectors such as agriculture. The Government should retain a substantially higher threshold, extend the farmers' averaging relief exemption, ensure that future requirements for partnerships are proportionate, and provide appropriate flexibility and exemptions for businesses where digital compliance would impose an unreasonable burden. Ahead of any further expansion of the regime, HMG should also undertake a specific assessment of its impact on agricultural and diversified farm businesses, including software costs, accountancy fees, administrative time and the practical value of quarterly reporting for seasonal businesses. The objective of improving tax administration must not result in unnecessary cost and bureaucracy being imposed upon small family farms with limited underlying profitability.

Carbon Border Adjustment Mechanism

The UFU calls on HMG to suspend the introduction of the UK CBAM and prevent its introduction on 1 January 2027 until its impact upon agricultural input costs, particularly fertiliser, has been fully assessed. If Government proceeds with implementation, the applicable CBAM rates and default emissions values must be published sufficiently far in advance to allow the agricultural industry to understand, plan for, and mitigate these costs.

The UK CBAM will impose a carbon price on specified imported goods from the aluminium, cement, fertiliser, hydrogen, iron, and steel sectors[22]. The Government's stated objective is to ensure that carbon-intensive imports face a comparable carbon price to that borne by UK producers and thereby reduce the risk of carbon leakage. Significantly for the UFU, the regime will apply across the whole of the UK, including NI, and fertilisers are expressly included within that scope. The liability will fall upon importers, with businesses importing £50,000 or more of CBAM goods over a 12-month period potentially required to register, report embodied emissions, and ultimately play the applicable CBAM charge[23]. While the UFU recognises the objective of preventing carbon leakage, we are deeply concerned about the potential unintended consequences of increasing the cost of an essential agricultural input. Agriculture is ultimately the end-user of fertiliser and, regardless of whether an individual farm is directly liable for CBAM, additional costs incurred by fertiliser importers are likely to be reflected in prices further down the supply chain. Family farms therefore risk bearing a substantial proportion of the economic cost without the being the businesses directly responsible for paying the tax.

Of particular concern is the continued uncertainty surrounding the financial impact only months before implementation. As of August 2026, HMRC has confirmed that guidance on CBAM rates and default emissions values for fertilisers and the other sectors remains to be published. Farmers will shortly be making purchasing, cropping, and wider financial decisions extending into 2027, yet neither they nor the wider fertiliser supply chain currently have sufficient certainty over the additional cost that CBAM could impose. It is unreasonable to introduce a new tax affecting such as fundamental food-production input without allowing businesses adequate time to understand the financial consequences and adjust purchasing and business plans accordingly. Fertiliser prices have already demonstrated extreme volatility in recent years, with costs highly sensitive to international energy prices, natural gas markets,

[22] UK Government, *Finance Act 2026,* https://www.legislation.gov.uk/ukpga/2026/11/part/5 (accessed 19 August 2026)
[23] HM Revenue & Customs, *Policy paper: Carbon border adjustment mechanism (CBAM): Policy Summary,* https://www.gov.uk/government/publications/carbon-border-adjustment-mechanism-cbam-policy-summary/carbon-border-adjustment-mechanism-cbam-policy-summary (accessed 19 August 2026)

and geopolitical events. Adding an uncertain carbon charge to imported fertiliser risks further increasing production costs at farm level and ultimately undermining the Government's wider objectives around domestic food production and food security. Environmental taxation should not inadvertently make the production of food in the UK less economically sustainable.

The UFU therefore calls on the Chancellor to suspend the commencement of CBAM beyond 1 January 2027 while a full assessment of its impact on agricultural fertiliser prices and food production is undertaken. Failing this, HMG must immediately publish the CBAM rates, default emissions values, and clear worked examples for fertiliser well in advance of implementation to provide the industry certainty over the likely cost per tonne.

Annual Investment Allowance

The UFU calls on HMG to increase the AIA from £1 million to £5 million and introduce substantially accelerate tax relief for qualifying agricultural structures and buildings with the objective of providing 100% relief at or close to the point at which the investment is made. At present, AIA provides businesses with 100% tax relief on qualifying expenditure on plant and machinery in the year of purchase, up to the annual limit[24]. However, expenditure qualifying for SBA is normally relieved at only 3% per year, meaning that it takes more than 33 years for the full value of qualifying expenditure to be relieved[25]. Bringing expenditure that currently qualifies for SBA into AIA would represent a positive fix.

Farm businesses regularly undertake substantial investment in fixed infrastructure, and in many cases the investment is necessary to maintain productive capacity, comply with increasing animal welfare requirements, or make environment improvements. Yet the tax system provides significantly faster relief for investment in machinery than for the permanent infrastructure on farm.

There is clear evidence that the timing and generosity of capital allowances can influence investment. HMRC's evaluation of the AIA found that businesses affected by the increase in the threshold from £250,000 to £500,000 in 2014 invested between 0% and 9% more in plant and machinery than they otherwise would have during the following two years[26]. The midpoint of HMRC's estimate indicated additional investment of approximately 4% to 5%, equivalent to £186 million per year amongst the companies affected by the threshold change[27]. HMRC also found evidence that capital-intensive companies responded more strongly to the changes in the allowance and that cash-flow effects influenced investment behaviour. Among businesses aware that they had claimed AIA, 89% said that it had a beneficial effect on their business, 74% said that it supported business growth and 55% said that it improved cash flow.

HMG itself therefore recognises AIA as more than and accounting mechanism, describing the allowance as an incentive because providing a 100% deduction in the year of expenditure is incurred gives business a significant cash-flow benefit. This

[24] UK Government, *Claim capital allowances,* https://www.gov.uk/capital-allowances/annual-investment-allowance/ (accessed 27 August 2026)
[25] HM Revenue & Customs, *HMRC internal manual: Capital Allowances Manual,* https://www.gov.uk/hmrc-internal-manuals/capital-allowances-manual/ca91300 (accessed 27 August 2026)
[26] HM Revenue & Customs, *Research and analysis: Executive Summary: Evaluation of the Annual Investment Allowance,* https://www.gov.uk/government/publications/evaluation-of-the-annual-investment-allowance/executive-summary-evaluation-of-the-annual-investment-allowance (accessed 27 August 2026)
[27] HM Revenue & Customs, *Research and analysis: Executive Summary: Evaluation of the Annual Investment Allowance,* https://www.gov.uk/government/publications/evaluation-of-the-annual-investment-allowance/executive-summary-evaluation-of-the-annual-investment-allowance (accessed 27 August 2026)

principle is particularly relevant to farming as substantial capital expenditure is often undertaken by family businesses with limited retained cash and where investment decisions may depend upon the availability and cost of external finance.

The same principle has already been accepted by Government in relation to structures and buildings. When the SBA rate was increased from 2% to 3% in 2020, HMRC explicitly stated that the increased rate was intended to "further support business investment" in new non-residential structures and buildings and improvements to existing ones[28]. More significantly, HMG already provides an enhanced SBA rate of 10% per year within qualifying Freeport and Investment Zone tax sites[29]. This enables qualifying expenditure on structures and buildings to be relieved over ten years rather than the 33⅓ years which applies under the standard national rate. The existence of enhanced SBA demonstrates that Government already accepts accelerated relief for structures and buildings as a legitimate tool for encouraging capital investment and economic development[30]. The timing of relief also has a significant impact upon its economic value. Although the SBA eventually provides deductions equal to qualifying expenditure in nominal terms, receiving those deductions over more than three decades is not equivalent to receiving relief when the expenditure is incurred. Inflation, financing costs and the time value of money mean that deductions received many years after an investment has been made are worth materially less to the business than immediate relief.

This creates a growing mismatch between agricultural policy and tax policy. Farmers are being encouraged and, increasingly, required to invest significant sums in environmental infrastructure, nutrient management, slurry storage, improved livestock facilities and more resilient farm businesses. The tax system should support those investments rather than provide the weakest cash-flow incentive for precisely the forms of capital expenditure that Government policy increasingly expects agriculture to undertake.

The UFU therefore calls on HMG to increase the AIA limit from £1 million to £5 million and reform the treatment of qualifying agricultural structures and buildings so that tax relief is available substantially closer to the point of investment, including it within the scope of AIA. The UFU's preferred approach would be to provide 100% first-year relief

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[28] HM Revenue & Customs, *Policy paper: Capital Allowances / Increase in rate of Structures and Buildings Allowances and technical changes,* https://www.gov.uk/government/publications/increase-in-structures-and-buildings-allowance-for-capital-allowances/capital-allowances-increase-in-rate-of-structures-and-buildings-allowances-and-technical-changes (accessed 27 August 2026)

[29] HM Revenue & Customs, *Policy paper: Annex A: rates and allowances,* https://www.gov.uk/government/publications/budget-2025-overview-of-tax-legislation-and-rates-ootlar/annex-a-rates-and-allowances/ (accessed 27 August 2026)

[30] HM Revenue & Customs, *Policy Paper: Enhanced Structures and Buildings allowances in Freeports,* https://www.gov.uk/government/publications/enhanced-structures-and-buildings-allowances-in-freeports/enhanced-structures-and-buildings-allowances-in-freeports (accessed 27 August 2026)

for qualifying productive agricultural infrastructure. If HMG is unwilling to provide full first-year relief, it should introduce a substantially enhanced agricultural SBA, at least equivalent to the 10% rate already available in Freeports and Investment Zones. Such reform would improve farm cash flow, reduce the effective cost of investment, encourage projects to be brought forward and better align the tax system with HMG's objectives for productivity, environmental improvement, food security and long-term agricultural resilience.

Long-Term Agricultural Land Leasing

The UFU calls on HMG to introduce a tax incentive to encourage longer-term leasing of agricultural land to active farmers. The precise design of such a relief should be subject to consultation with the agricultural industry, but HMG should examine the established system operating in the Republic of Ireland as a model l for how the tax system can encourage landowners to move from short-term letting arrangements towards more secure agricultural leases.

This issue is particularly relevant in NI where short-term conacre arrangements continue to dominate the rented agricultural land market. DAERA's 2025 Agricultural Census[31] found that 77.4% of farms taking land in did so under arrangements of up to one year, accounting for 74.9% of the total are taken in. By comparison, only 17% of farms taking land in had leases running for more than five years, representing 14.6% of the area taken in. The pattern is even more pronounced amongst landowners letting land out, with 85.9% using arrangements of one year or less. Short-term arrangements provide flexibility and remain an important feature of NI agriculture, and the UFU is not proposing that conacre should be restricted or discouraged. However, there is a strong case for providing landowners with an additional voluntary incentive to offer longer-term arrangements to active farmers where these are appropriate for both parties. Greater security of tenure can give farmers more confidence to plan the development of their business and undertake investment where benefits may take a number of years to materialise.

There is evidence that the duration of agricultural leases can influence investment behaviour. A 2023 peer-reviewed study examining Irish dairy farms found a positive association between the length of land leases and both the probability and level of capital investment[32]. The relationship was particularly significant for businesses farming a relatively high proportion of rented land. The authors concluded that improved certainty over rented land encourages capital investment and supported policies which increase the uptake of secure, longer-term leases. Teagasc highlights the importance of security of tenure, improved business planning and greater justification for investment as important benefits of long-term leasing. Investments in soil fertility, liming, reseeding, drainage, fencing, roadways and water infrastructure can generate benefits over several years[33]. A farmer operating land under an annual

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[31] NI Statistics and Research Agency, *The Agricultural Census in Northern Ireland,* https://datavis.nisra.gov.uk/daera/ni-agricultural-census-2025.html (accessed 27 August 2026)

[32] Tracy Bradfield, Robert Butler, Emma J. Dillon, Thia Hennessy and Jason Loughrey, *The Impact of Long-Term Land Leases on Farm Investment: Evidence from the Irish Dairy Sector, Land Use Policy*, Vol. 126 (2023), 106553, https://doi.org/10.1016/j.landusepol.2023.106553 (accessed 27 August 2026).

[33] Teagasc, *Long-Term Land Leasing,* https://teagasc.ie/rural-economy/rural-development/diversification/long-term-land-leasing/ (accessed 27 August 2026)

arrangement may understandably be reluctant to make substantial expenditure where they cannot be certain that they will continue farming that land long enough to realise the return. A longer lease can provide that certainty without requiring the farmer to finance the purchase of the land outright. NI-specific research also suggests that tax incentives could materially increase the willingness of landowners to offer longer-term leases and farmers to accept them[34]. Tax incentives for both parties in a rental transaction must be considered.

Long-term leasing may also have an important role in improving land mobility and supporting generational renewal. Agricultural land is a highly capital-intensive asset and outright purchase is beyond the reach of many younger and expanding farm businesses. Longer-term leasing can provide access to productive land without the substantial capital requirement associated with ownership, while allowing a landowner who wishes to reduce their active farming commitments to retain ownership of the family asset and receive a stable income. This has been recognised by the Government in ROI[35].

Importantly, the Irish system also demonstrates how appropriate safeguards can be incorporated[36]. Relief is linked to land being used for the purposes of a farming trade, restrictions apply to leasing between connected parties, and additional ownership requirements apply in certain circumstances to reduce the risk of land being acquired principally to access the tax advantage. Any UK scheme should similarly be targeted at genuine agricultural activity and designed carefully to ensure that the relief supports active farming rather than simply increasing the return from passive ownership or becoming capitalised into higher rents.

The UFU therefore calls on HMG to consult on the introduction of a long-term agricultural leasing tax relief, drawing on the Irish model and adapting it to the structure of UK agriculture. Such a relief should reward longer and more secure leases, be targeted at land remaining in active agricultural production and contain appropriate safeguards against avoidance and unintended inflationary effects. Properly designed, it could increase security of tenure, encourage investment in rented land, improve land mobility and provide younger and expanding farmers with greater opportunities to access land without the capital burden of outright purchase.

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[34] Adewale Henry Adenuga, Claire Jack and Ronan McCarry, *Investigating the Factors Influencing the Intention to Adopt Long-Term Land Leasing in Northern Ireland*, Land, Vol. 12 (2023), 649, https://doi.org/10.3390/land12030649 (accessed 27 August 2026).

[35] Government of Ireland, *Public Consultation on Generational Renewal in Farming,* https://www.gov.ie/en/department-of-agriculture-food-and-the-marine/consultations/public-consultation-on-generational-renewal-in-farming/ (accessed 27 August 2026)

[36] Irish Tax and Customs, *Tax reliefs related to farming: Leasing farm land,* https://www.revenue.ie/en/self-assessment-and-self-employment/farm/farming-tax-reliefs/leasing-farm-land.aspx (accessed 27 August 2026)

NI Fiscal Framework

The UFU calls on HMG to agree a full fiscal framework with the NI Executive which provides a sustainable long-term basis for funding public services and properly reflects NI's true relative level of need. In particular, the assessment of need must properly recognise the distinctive expenditure requirements associated with agriculture, and the Government should retain the favourable treatment currently afforded to NI's agricultural funding baseline within the relative-funding methodology.

The interim fiscal framework agreed between HMG and the NI Executive introduced a needs-based adjustment into the Barnett formula for NI[37]. Under current arrangements, NI's relative level of need is assessed at 124% of comparable HMG spending per head in England. Where Northern Ireland's relative funding falls below this level, a 24% needs-based factor applies to new Barnett consequentials. Once funding reaches or exceeds the assessed 124% level, however, the uplift falls to a transitional factor of only 5%[38].

The UFU recognises the importance of the 124% needs-based factor and the improvement it represents over the previous funding arrangements. However, there is now credible independent evidence that 124% should not necessarily be regarded as the final assessment of Northern Ireland's relative need. Professor Gerald Holtham's independent review, published in 2025, concluded that updated evidence produced an estimated comparable level of need of approximately 123% where agriculture was excluded. Once agriculture was incorporated, however, the estimated range increased to between 126% and 132%, with a central estimate of 128%[39]. This distinction is particularly important for Northern Ireland. Agriculture has a substantially greater economic, social and geographic significance here than in many other parts of the UK. A needs assessment which does not adequately recognise the expenditure associated with supporting agriculture and rural communities therefore risks understating the resources required to deliver comparable public services and policy outcomes in Northern Ireland. The Holtham Review provides an independent evidence base for ensuring that agriculture remains part of the discussion as HMG and the Executive negotiate a full Fiscal Framework.

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[37] HM Treasury, *Policy paper: Northern Ireland Executive's Interim Fiscal Framework,* https://www.gov.uk/government/publications/northern-ireland-executives-interim-fiscal-framework (accessed 27 August 2026)

[38] HM Treasury, *Policy paper: Northern Ireland Interim Fiscal Framework: Implementation Update,* https://www.gov.uk/government/publications/northern-ireland-interim-fiscal-framework-implementation-update-relative-funding-methodology/northern-ireland-interim-fiscal-framework-implementation-update (accessed 27 August 2026)

[39] Professor Gerald Holtham, *Northern Ireland's Level of Need: An Independent Review (Department of Finance, June 2025),* https://www.finance-ni.gov.uk/publications/northern-irelands-level-need-independent-review (accessed 27 August 2026).

HMG has already recognised that the treatment of agricultural funding can materially affect the relative-funding calculation. Following the un-ringfencing and baselining of £329 million of agricultural funding at Phase 1 of the 2025 Spending Review, the Treasury agreed that this funding, alongside comparable HMG agricultural funding in England, would be excluded from the calculation used to determine whether Northern Ireland had reached its assessed level of need. The Department of Finance has estimated that without this agreement the Executive would have received approximately £600 million less over the Spending Review period[40]. The UFU strongly supports maintaining this treatment. Agricultural funding should not have the unintended effect of artificially increasing Northern Ireland's measured funding position and thereby causing the Executive to reach the 124% threshold earlier, triggering the reduction from the 24% needs-based uplift to the 5% transitional factor. Funding provided to support agriculture should strengthen agricultural policy and food production rather than indirectly reduce the resources available for health, education, infrastructure and other devolved public services.

The current arrangements were deliberately agreed as an interim framework, and HMG and the Northern Ireland Executive have committed to further discussions on a full Fiscal Framework[41]. The Holtham Review, including its central estimate of 128% when agriculture is taken into account, should remain central to those negotiations rather than the current 124% figure becoming an automatic permanent settlement.

The UFU therefore calls on HMG to work with the Northern Ireland Executive to agree a full Fiscal Framework which reflects Northern Ireland's true assessed level of need, properly incorporates the additional requirements associated with agriculture and rurality, and takes full account of the evidence presented by the Holtham Review. As part of that settlement, HMG should maintain the exclusion of the Northern Ireland agricultural funding baseline and comparable English agricultural expenditure from the relative-funding calculation, ensuring that funding intended to support agriculture does not inadvertently weaken Northern Ireland's wider funding position.

[40] Department of Finance, *Agreement will deliver an additional £600m for public services – O'Dowd,* https://www.finance-ni.gov.uk/news/agreement-will-deliver-additional-ps600m-public-services-odowd/ (accessed 27 August 2026)
[41] HM Treasury, *Policy paper: Joint Communique on the Northern Ireland Executive's Interim Fiscal Framework,* https://www.gov.uk/government/publications/northern-ireland-executives-interim-fiscal-framework/joint-communique-on-the-northern-ireland-executives-interim-fiscal-framework (accessed 27 August 2026)

National Minimum Wage / National Living Wage

The UFU recognises the important role of the NMW and the NLW in protecting workers and supports the principle that agricultural employees should receive fair and sustainable renumeration. However, future increases must also properly reflect the ability of businesses to absorb additional employment costs, particularly within sectors such as agriculture where margins are constrained, input costs have risen substantially, and businesses are unable to automatically pass increased costs through the supply chain given the vast majority of farmers as price-takers.

Agricultural businesses have experienced a prolonged period of substantial cost inflation, as referenced elsewhere in the submission, with DEFRA's Agricultural Price Index showing that by May 2026, the overall cost of goods and services purchased was 36.2% higher than in 2020, with particularly significant increases in energy, fertiliser, machinery, and infrastructure costs[42]. Labour costs therefore must be assessed as part of a much wider cumulative cost burden rather than in isolation.

The NLW increased by 4.1% in April 2026 to £12.71 per hour[43], following a 6.7% increase in April 2025[44]. The Low Pay Commission's published indicative range for April 2027 is £13.02 to £13.34 per hour, with a central estimate of £13.18[45], although the LPC has made clear that its final recommendation must take account of economic conditions, labour market, living costs, and impact on businesses[46]. The UFU welcomed the opportunity to meet the LPC during its 2026 evidence-gathering exercise and to explain directly the particular circumstances facing employers here.

The position in NI agriculture is also distinct as agricultural wages are already subject to a separate statutory framework through the AWBNI. From April 2026, minimum wage rates range from £13.30 per hour for an 'Agricultural Worker' to £14.44 for an 'Agricultural Manager', while the adult trainee rate automatically tracks the statutory

[42] Department for Environment, Food and Rural Affairs (DEFRA), Agricultural prices indices – United Kingdom: May 2026, https://www.gov.uk/government/statistics/agricultural-price-indices/agricultural-price-indices-united-kingdom-may-2026/ (accessed 14 August 2026)

[43] Low Pay Commission, *Research and analysis: Minimum wage rates for 2026,* https://www.gov.uk/government/publications/minimum-wage-rates-for-2026 (accessed 27 August 2026)

[44] Low Pay Commission, *Research and analysis: The National Minimum Wage in 2025,* https://www.gov.uk/government/publications/the-national-minimum-wage-in-2025/ (accessed 27 August 2026)

[45] Low Pay Commission, *LPC consultation letter 2026*, https://www.gov.uk/government/consultations/low-pay-commission-consultation-2026/lpc-consultation-letter-2026 (accessed 27 August 2026)

[46] Low Pay Commission, *Research and analysis: The National Minimum Wage in 2026*, https://www.gov.uk/government/publications/the-national-minimum-wage-in-2026/the-national-minimum-wage-in-2026 (accessed 27 August 2026)

NLW[47]. Employers in NI are therefore already required to consider annual wage adjustments through a sector-specific mechanism. The accommodation offset under the AWBNI structures is also significantly less than that in GB, being set locally at £60 per week[48] compared to GB at £77.70 per week[49].

Grade	Minimum Rate (2026-27)
1. Trainee (Under 18)	£8.00 per hour
1. Trainee (18-20)	£10.85 per hour
1. Trainee (21+)	£12.71 per hour
2. Agricultural Worker	£13.30 per hour
3. Lead Skilled Agricultural Worker	£13.66 per hour
4. Agricultural Multi-Skilled Worker	£13.89 per hour
5. Agricultural Manager	£14.44 per hour
Accommodation Offset	£60.00 per week

Agricultural Wages Board Rates – 2026-27 (Note: The Trainee rates apply to a farm workers first 40 weeks of employment[50])

These pressures are being further compounded by further employment legislation being progressed by the NI Executive through the *Good Jobs* Employment Rights Bill, which will introduce additional employment rights and associated costs for businesses[51]. While the UFU has engaged constructively with the development of that legislation, its cumulative impact (if introduced), and the impact of its equivalent legislation in GB, must be considered alongside increases in statutory wage rate and other labour-related costs.

The UFU therefore calls on HMG to ensure that the 2027 NLW and NMW uprating is affordable and does not exceed the level justified by inflation and wider economic conditions, ideally not outstripping CPI inflation. The LPC must give full weight to the cumulative employment and input-cost pressures facing agriculture and profitability when making its recommendation. Where HMG disagrees that the LPC determination does not accurately take this into account for all sectors across all UK nations, they

[47] Department of Agriculture, Environment and Rural Affairs, *AWB – Agricultural rates of pay, orders, and reports*, https://www.daera-ni.gov.uk/articles/awb-agricultural-rates-pay-orders-and-reports (accessed 27 August 2026)
[48] Department of Agriculture, Environment and Rural Affairs, *Meeting of the Agricultural Wages Board for Northern Ireland on 9 January 2026*, https://www.daera-ni.gov.uk/news/meeting-agricultural-wages-board-northern-ireland-9-january-2026 (accessed 27 August 2026)
[49] HM Government, *National Minimum Wage and Living Wage: accommodation*, https://www.gov.uk/national-minimum-wage-accommodation (accessed 27 August 2026)
[50] Department of Agriculture, Environment and Rural Affairs, *AWB – Agricultural rates of pay, orders, and reports*, https://www.daera-ni.gov.uk/articles/awb-agricultural-rates-pay-orders-and-reports (accessed 27 August 2026)
[51] Department for the Economy, *Archibald outlines what Good Jobs Bill means for employers, families and society*, https://www.economy-ni.gov.uk/news/archibald-outlines-what-good-jobs-bill-means-employers-families-and-society (accessed 27 August 2026)

should move from is recommendation. A further significant real-terms increase in statutory wage rates, on top of successive substantial uprating and additional employment regulation, risks reducing recruitment, working hours, and investment rather than strengthening sustainable rural employment.