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Farm investment and family farm succession

Key findings from the UFU Pre-Budget Membership Research

Farm confidence is **falling** and investment is being held back. Inheritance tax concerns are shaping decisions **today**, with farmers delaying improvements and questioning whether they can pass on a viable business to the next generation.

88.6%

reported increased family stress or worry due to IHT changes

71.4%

reported reduced confidence in passing on a financially viable farm

84.0%

have postponed, cancelled or reduced investment in at least one of the seven areas surveyed.

58.5%

expected the inheritance tax changes to create or increase a liability on their farming assets

49.2%

said the changes had made their intended successor less willing or less financially able to take on the farm.

85.8%

expected to invest more over the next three years if the UFU budget priorities were delivered.

Succession concerns extend beyond the tax bill

58.5% expected the inheritance tax changes to create or increase a liability, while a further **26.2%** remained unsure. More than a third (**37.2%**) anticipated tax payable on family farming assets of at least **£100,000**, raising concerns about how families could meet these bills while keeping their farms viable. 23.4% expected an inheritance tax liability of at least £25,000 on their family's farming assets.

"The government must recognise that the value of a farm does not reflect its ability to pay [inheritance] tax" –Respondent

The impact is already shaping the next generation's future. Almost half (**49.2%**) said the changes had made their intended successor less willing, less financially able, or both, to take on the farm. Families are also changing their succession plans: **42.5%** had changed a will, ownership arrangements or business structure, or had changes in progress.

Investment is being held back

70.2% had postponed or cancelled investment in at least one of the seven categories surveyed. This rose to **84.0%** when investment proceeding at a reduced scale was included. Separately, **71.4%** reported declining financial confidence compared with 12 months earlier.

Priorities for parliamentary action

Respondents were asked to select up to three Budget priorities. Their choices set out a clear call for action to protect family farms, restore confidence and unlock investment.

83.7%

Reverse inheritance tax changes
Restore full relief for qualifying agricultural and business assets.

53.8%

Strengthen agricultural funding
Restore real-terms value of agricultural funding.

43.7%

Suspend the planned Carbon Border Adjustment Mechanism
Assess the impact on fertiliser and agriculture before proceeding.

34.2%

Retain reduced red diesel duty beyond the end of the year
Protect the reduced rate to help contain farm input costs.

19.4%

Agree a long-term NI funding settlement reflecting need
Work with the NI parties to properly finance the Executive.

19.1%

Provide faster tax relief for farm buildings and structures
Unleash farm investment by providing faster tax relief.

85.8%

expected **higher** investment in their farm business over the next three years if their Budget priorities were delivered by the Chancellor, including 38.5% expecting **significantly** higher investment.

About the research:
UFU member survey running from 29 September to 12 October, covering all six NI counties and a range of enterprises and farm sizes. The responses have been weighted. For more information, contact dtoft@ufuhq.com.