Cranleys
CHARTERED ACCOUNTANTS

CRANLEYS' CLEVER CHECKLISTS · No. 10 · GAINS, PROPERTY AND ESTATES

Agricultural Property Relief (APR) Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Agricultural property relief applies to agricultural value only, not full market value. From 6 April 2026 the first £2.5m of combined agricultural and business property gets 100% relief, with 50% above it. The farmhouse must be character appropriate, occupied for agriculture and tied to the land.

THE KEY FIGURES

2026/27 figure	Amount
100% relief allowance (APR and BPR combined)	£2.5m
Relief above the allowance	50%
Occupation test	two years owner-occupied, seven years if let
Relief base	agricultural value, not market value

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Have you split agricultural value from market value?**	APR covers only agricultural value. Development or hope value gets no APR. It may qualify for BPR if trading.	Valuation report
☐	**Is the farmhouse character appropriate?**	It must be proportionate to the farm and occupied for agriculture. A large house on a small farm risks no relief.	Farm accounts, floor plans, occupation record
☐	**Has the land been occupied for agriculture?**	Two years if you farm it, seven years if let to someone else. Check the tenancy dates.	Tenancy agreements, farming records
☐	**Is the combined £2.5m allowance planned?**	APR and BPR share the allowance. Anything above gets 50% relief.	Estate valuation
☐	**Is the tenancy type known?**	Different tenancy types affect value and relief. Check which regime applies.	Tenancy agreements
☐	**Is diversification still agriculture?**	Holiday lets, solar and storage may fall outside APR. Some may be BPR instead, and some neither.	Activity analysis

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MY PRO TIP

the farmhouse needs to look like a farmhouse, not a mansion.

A worked example

A farm is worth £5m, of which agricultural value is £3.5m. The first £2.5m is relieved at 100%. The other £1m of agricultural value gets 50% relief, leaving £500,000 chargeable. At 40% that is £200,000, before nil-rate bands. The remaining £1.5m of non-agricultural value needs a separate BPR analysis.

The trap to avoid

Claiming APR on a farmhouse that is too big for the farm. The courts apply the character appropriate test, and HMRC will refuse relief on the house.

Test your accountant

One question that tells you if you have the right adviser:

What is my agricultural value, and does the farmhouse pass the character test?

What has changed recently

- 100% relief is capped at £2.5m of combined business and agricultural property.
- Review ownership between spouses so both allowances can be used where available.
- Diversification income needs review. See the business property relief checklist.

Questions I get asked

What is agricultural property relief?

A relief from inheritance tax on the agricultural value of farmland and qualifying buildings. It can be 100% or 50% depending on circumstances and the allowance.

Does APR cover the whole farm value?

No. Only agricultural value. Any development or hope value above it is excluded and may need BPR instead.

Does the farmhouse qualify?

It can, if it is character appropriate, proportionate to the farm and occupied for agriculture.

How long must I own the land for APR?

Two years if you occupy it for farming, seven years if it is let.

The 9 CAD Keys link: Capability

Capability is having evidence ready when asked. A farming diary, tenancy records and valuations turn a claim into a certainty.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

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Tax checklist 08
Inheritance Tax Checklist 2026/27: Nil-Rate Bands and Gifts

Tax checklist 09
Business Property Relief (BPR) Checklist 2026/27

Tax checklist 11
Trusts and Estate Planning Checklist 2026/27

Tax checklist 27
Business Sale, Exit and Succession Tax Checklist 2026/27

Go deeper: my books

For this topic, start with **Inheritance Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Tick the boxes before the harvest of tax.

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Scan to read online, tick it on screen and take the Scorecard



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