

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros
Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate
Change and Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref HIDCC/10848/24

Mair Eirian Roberts
Cyngor Gwynedd

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16 January 2025

Dear Councillor Roberts,

Thank you for your correspondence dated 18 December regarding changes to Agricultural Property Relief (APR) and Inheritance Tax (IHT).

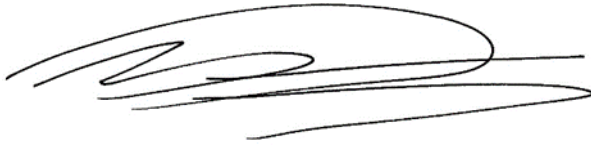
As you are aware, inheritance tax is a retained tax that is overseen by the UK Government. As part of its Budget, the UK Government had to make very difficult decisions. The Welsh Government is aware of the deep concerns on the issue, and I have held discussions with Welsh farming unions, in seeking assurances from the UK Government that their concerns will be heard, and obtained that assurance. I have also outlined to the UK Government that we must ensure that changes to Inheritance Tax and Agricultural Property Relief do not affect the future of sustainable farming in Wales.

It is incorrect to state that all farms worth over £1 million will pay inheritance tax, so I urge the council to look at the information available from the UK Treasury. There are many additional factors that will apply to each farm business according to their individual circumstances, for example the ownership structure of the farm or any gifts given to prospective heirs below the taxation threshold, which will decide which farms will pay tax and the amount concerned. That is why it is important that we return to the data published by HM Treasury, which is based on recent actual probate figures, and which indicate that most farms will not be affected by these changes.

The Welsh Government remains committed to investing in farming businesses to achieve our shared goals of producing sustainable food, achieving our climate and nature objectives, and supporting our rural communities. To this end, we safeguarded the Basic Payment Scheme (BPS) budget at £238m for 2025, the same level as 2024. Given the considerable pressures we face, this was not easy.

Several plans have been announced for 2025, providing as much assurance as possible for our farmers. In addition to this, I recently confirmed a further £14m investment for the agriculture and horticulture sectors over the coming year.

Yours sincerely,

A handwritten signature in black ink, consisting of several fluid, overlapping loops and lines, positioned below the closing of the letter.

Huw Irranca-Davies AS/MS

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