Land Business Update

Autumn Budget 2026

Chancellor John Healey delivered the Autumn Budget on 28 October 2026, the first of Andy Burnham's premiership.

In many ways the contents were relatively benign, which historically has come as a relief to the rural sector.

But following a difficult summer, one which the Prime Minister has previously described as "probably the hardest" for British farming in a generation, there had been hopes for some movement on inheritance tax or an increase in the Annual Investment Allowance.

The following summarises the announcements of most relevance to farmers and landowners:

Imported fertiliser tariffs removed

A package of 'everyday fixes' to give 'breathing space' to households and businesses on costs, was announced by the Chancellor the day before the Budget. This included the decision to suspend import tariffs on fertilisers until December 2027. However, some farming organisations have warned that this is unlikely to make any meaningful difference to the cost of fertilisers as prices have been driven up by global pressures, rather than tariffs.

Red diesel and heating oil

The Government extended the 3.7p cut to duty on red diesel for a further six months to 1 July 2027. While this means the tax on red diesel rate is at its lowest level for over 20 years, the prices farmers are paying remain at historically high levels. Import levies on kerosene will also be suspended until December 2028 to help reduce the cost of heating oil.

Clean energy

The Chancellor said cheaper energy was a priority, with clean power the key to achieving this, so the Government remains "unshakeably committed" to meet it net zero goals by 2050. He set out plans for long-term energy reforms, including delivering cheaper and faster grid connections, which may open up opportunities for landowners over the medium- to long-term. It is positive to see that the government is reviewing how to cut the link between electricity and gas prices, which would have a much more significant effect on the country's exposure to volatile fossil-fuel costs than changes to duties and levies.

Annual Tax on Enveloped Dwellings (ATED)

Farm and estate businesses holding residential property in a company and liable for the Annual Tax on Enveloped Dwellings (ATED) will be facing a 3.5% increase in the annual charge for the 2027–28 charging period.

Property income tax

The Government is increasing all the rates of income tax applied to property income by 2 percentage points. From 2027 to 2028, the property basic rate will be 24%, the property higher rate will be 44%, and the property additional rate will be 49%. These rates will apply across England, Wales and Northern Ireland. This takes effect from 6 April 2027. It will affect landlords who own rental homes in their personal name rather than through a company structure.

Inheritance tax

Although there had been some speculation that the Government might choose to reverse the changes to Agricultural Property Relief and Business Property Relief which were introduced in April there was no mention of them during the Chancellor's speech or in the Red Book. This means that it remains the case that only the first £2.5 million of qualifying agricultural and business property will receive 100% APR/BPR relief. Positively, there were no changes to rollover relief, holdover relief or potentially exempt transfers, which could have had a significant effect on business planning and rural capital markets.

Our modelling shows that it is predominantly-land-based businesses over 700 or so hectares that are likely to face an inheritance tax liability - so large land holdings - and that most businesses can avoid paying inheritance tax with prior planning.

National Living Wage and the National Minimum Wage

The NLW and NMW rates will increase by 3.9% from April 2027, which is the lowest increase for six years. The rate for 18-20 year olds will increase by the same rate as other workers, rather than by more as it has done in the past two years.

BNG

The government will also introduce an exemption from Biodiversity Net Gain (BNG) requirements for residential brownfield developments on sites up to 1.5 hectares, supporting its ambitions for brownfield land to be the first port of call for development. In parallel, BNG will become mandatory for Nationally Significant Infrastructure Projects from November 2026.

Rural proofing

The government has recognised that rural areas are different to urban ones and has committed to develop new guidance for strategic authorities in England on how to check that policies work for rural as well as urban places.

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