

# The Family Farm Tax explained

## **What the Government's doing, and why we're opposing it**

This is a tremendously difficult time for farmers. They are key allies in tackling climate change and restoring the countryside to good health, while producing high quality food for our tables.

For years, farmers were let down and taken for granted by the Conservatives. They deserve better now.

## **What is the Family Farm Tax?**

At the moment, farmland is exempt from inheritance tax under a policy called "Agricultural Property Relief" (APR). In the Budget, the Chancellor announced that she will end that exemption by restricting APR.

The cut to APR will mean that from April 2026, a tax of 20% will apply to agricultural assets over £1 million. (Because of the existing tax-free threshold for inheritance tax, two parents leaving a farm to their children could potentially limit the tax to assets over £3 million.)

## **Why is the Government doing this?**

The Chancellor claims we need this change to raise money for our public services – and we certainly understand the challenge of repairing the terrible damage the Conservatives did to both our public services and our public finances.

But the Family Farm Tax is only expected to raise around £115 million a year – less than 0.01% of government spending and less than 0.3% of all the tax rises announced by Rachel Reeves in this Budget.

*(The Treasury hasn't published the £115 million figure – it only says that the cut to APR, combined with a similar cut to the much bigger Business Property Relief, is expected to raise around £520 million a year.)*

## **Why are we opposing it?**

This Family Farm Tax will be a hammer blow to many farmers and cause real harm to our rural communities.

There are thousands of families across the UK with farms that are worth a lot on paper, but who are earning less than the minimum wage. They have endured cuts to their incomes while the cost of energy, fertiliser and feed bills has soared. They have been undermined by botched Conservative trade deals. And

they are contending with the devastating impacts of adverse weather events.



To pay this new inheritance tax bill, many farmers will be forced to sell their farms, likely to private equity firms and large corporations who have no interest in looking after our countryside. That isn't fair to hardworking farmers. It will reduce food production and undermine food security. And it will harm our environment, by taking land away from those who have nurtured it for generations.

The Government didn't consult on these plans or produce a proper impact assessment. The Treasury even ignored the Department for Environment, Food and Rural Affairs (DEFRA), who urged it to at least water the change down.

### **What would we do instead?**

The Government didn't need to do this. We have set out a number of ways the Government could raise revenue much more fairly for the NHS, social care and our other public services.

It could have reversed the Conservatives' tax cuts for the big banks. It could have increased Remote Gaming Duty on the growing profits of online gambling firms, or raised the Digital Services Tax on social media companies and other tech giants.

Instead of hurting British farmers, we would support them. [Our manifesto](#) set out plans for an extra £1 billion a year to support profitable, sustainable and nature-friendly farming across the UK. We have also set out a detailed plan to rebuild our relationship with Europe, bringing down barriers to trade – including a comprehensive veterinary agreement to help our farmers.

## **How were farmers let down by the Conservatives?**

The Conservatives lost the right to speak up for rural communities when they betrayed our farmers with bad trade deals and a bungled transition away from the Basic Payments Scheme.



We support the move to public money for public goods, but many farmers are seeing their incomes threatened as their old payments are cut and new payments are not fully rolled out or properly funded. Farming subsidies have fallen by 20% in real terms since 2015 – equivalent to the loss of £722 million in public funding for farmers.

The Conservatives' botched Brexit deal put up new barriers to trade with our nearest neighbours, making it harder for British farmers to sell to Europe. And their trade deals with Australia and New Zealand undermine our animal welfare and environmental standards, undercutting responsible British farmers.

## **What other challenges are farmers facing now?**

If we care about our environment and if we care about our food security, we must provide farmers with more support.

Last year alone 8,100 UK farms closed their doors – equal to one in 25 of all farms in the country. The Government's own figures show that farm business income last year was lower for all types of farm but one.

And yet, the government has also decided to accelerate the phase out of direct payments to farmers under the Basic Payment Scheme – all recipients



will see the base amount of their payments cut by 76% next year.

These cuts must be urgently reviewed if we're to give farmers a fighting chance of sustainably and profitably feeding the nation and protecting our natural environment.

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## Join the campaign

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# [Black History Month 2024 – a message from Christine Jardine MP](#)

October is Black History Month – a chance to celebrate the Black British community, acknowledge their contributions and discover their stories.

It feels particularly timely given this year's theme of 'Reclaiming Narratives', which encourages us to challenge how we perceive history and the world around us. We owe an enormous amount to the Black British community for their contributions to our society – not least the Windrush generation's key role in building the NHS.

But here in the UK, far too many people's lives are still blighted by prejudice, discrimination, and inequality. As we saw in the riots this summer, racism is still far too prevalent in our society. We all have a responsibility to recognise this reality – but also the role that we can play in challenging this injustice.

I'm proud that Liberal Democrats are committed to fighting for racial equality. That means unequivocally condemning racism in all its forms and tackling injustice wherever we see it.

Take the Windrush scandal, for example. The previous Conservative government utterly failed to deliver the justice that Windrush victims so deeply deserve. They dithered and delayed with implementing the recommendations of the Lessons Learned review, and just last month the Parliamentary Ombudsman found that the Home Office was wrongly denying compensation payments to victims.

Liberal Democrats will keep pushing to right these wrongs – including by urgently implementing the Lessons Learned review in full, and making the compensation scheme independent from the Home Office.

And we will strive to put racial equality at the heart of everything we do. Whether that's bringing forward a specific plan to reduce the disproportionately high maternal mortality rates for Black women, or improving diversity in the workplace and public life.

As we honour the stories of so many Black pioneers this month, we owe it to them to stand up to hate and injustice wherever we see it.

**Christine Jardine MP**

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## [Restoring the UK's Reputation on the World Stage](#)

The former Conservative Government's reckless decision to slash the UK's international development budget has caused harm far beyond our borders. It has damaged our country's proud reputation as a global leader in humanitarian aid and left vulnerable people without crucial support.

The consequences of this decision are devastating: thousands of preventable deaths among the world's most vulnerable populations, from conflict zones to areas struck by natural disasters. The UK, once a beacon of hope for countries in crisis, is no longer able to match the generosity of its people in times of need.

The Liberal Democrats have always believed in a strong, compassionate, and outward-looking Britain. That's why we are the only party committed to **reversing this cruel aid cut** and restoring our country's place on the world stage. We will bring back international development spending to **0.7% of national income**, ensuring the UK once again leads the way in saving lives and reducing poverty worldwide.

The gap left by the UK's retreat from international development is being filled by powers like China and Russia, who are using their aid budgets to further their own geopolitical interests. These countries are not stepping in out of compassion—they are exploiting our absence to gain influence and push their own agendas, often at the expense of global stability and human rights.

The Liberal Democrats have a clear, forward-looking plan to reverse the damage done by the Conservatives and restore the UK's leadership on the world stage. Here's how we'll do it:

- **Restore Aid to 0.7% of National Income:** Return the UK's Official

Development Assistance (ODA) spending to 0.7% of Gross National Income (GNI), ensuring that our aid efforts are properly funded and can have the maximum impact.

- **Establish an Independent Department for International Development:** The Conservatives dismantled the independent Department for International Development (DFID), weakening our ability to effectively manage and deliver aid. We would re-establish DFID as a separate department, giving international development the attention and focus it deserves.
- **Put Poverty Reduction at the Heart of UK Aid:** Ensure that our aid policy is consistent with the rules set out by the OECD/DAC and remains focused on helping the world's poorest people.
- **Champion the Sustainable Development Goals:** Ensure that the SDGs are at the core of the UK's international development policy by creating a dedicated SDG Tsar to oversee their implementation.
- **Rebuild the Humanitarian Relief Fund:** In the face of increasing global conflicts, such as those in Sudan and Ukraine, and natural disasters caused by climate change, we must be ready to respond quickly and decisively. We would restore the UK's humanitarian relief fund, ensuring that we are equipped to provide aid wherever and whenever it is needed most.
- **Address Global Debt Distress:** Many developing countries are struggling with crippling debt, which undermines their ability to invest in education, healthcare, and infrastructure. We must work with international partners to address these challenges and support countries in overcoming debt distress.

Read the policy motion

The Liberal Democrats are committed to rebuilding the trust and compassion that the UK was once known for. We believe that our country has a responsibility to support those in need, no matter where they are in the world.

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## [Fixing Our Broken Prison System](#)

For too long, years of neglect and mismanagement by the previous Conservative Government have pushed our prison system into a deep crisis.

Overcrowded, understaffed, and unable to properly rehabilitate offenders, the system is now at breaking point.

This crisis didn't appear overnight. The Conservatives should never have allowed it to get to this position, and now it falls on the new government to take urgent action to fix it.

Liberal Democrats have a clear plan to tackle this crisis, and it starts with focusing on the root problems: cutting reoffending rates and eliminating the criminal courts backlog.

## **A Broken System in Need of Urgent Action**

Right now, the prison population in England and Wales is at a dangerously high level. With 87,453 people behind bars and a maximum capacity of just 88,864, we are teetering on the edge of a complete collapse of our prison system. Overcrowding means that our prisons are not just places of punishment—they have become places where offenders cannot be properly rehabilitated, leading to high rates of reoffending.

Shockingly, **3 in 4 ex-inmates reoffend within nine years of their release**, and 4 in 10 do so within the first twelve months. This reoffending epidemic costs our society £18.1 billion every year. It is clear: the current system isn't working.

The situation is even worse for those on remand, with the population of those waiting for trial hitting a record high of 16,458 as of March 2024. These individuals now make up 20% of the entire prison population. Much of this is due to the criminal court backlog, which means that people are left languishing in prison without a trial, contributing to the overcrowding crisis.

## **A Liberal Democrat Plan for Change**

The current government must act now to tackle these issues and prevent our prison system from becoming completely unsustainable. That's why today we have passed new policy for fixing our broken prison system:

- **Cut the Court Backlog:** We need to reduce the number of people in prison on remand by addressing the criminal court backlog. This means prioritising case hearings where defendants are on remand, getting justice served quicker and easing the pressure on our prison system.
- **Protecting the Public:** It is critical that violent prisoners, including perpetrators of domestic abuse, are not eligible for early release. Public safety must always come first.
- **Properly Fund Probation Services:** Any early release schemes must be paired with additional resources for probation services, so they can handle the increased workload. Releasing prisoners without the support they need is a recipe for disaster.
- **Rehabilitate, Don't Reoffend:** We need to end the cycle of reoffending. That's why we are proposing a presumption against short sentences of 12

months or less, with a focus on rehabilitation in the community instead.

- **Better Training and Rehabilitation:** For those who do serve time in prison, rehabilitation must be at the heart of our approach. That means investing in better training, education, and work opportunities, alongside introducing a “through the gates” mentorship programme to support prisoners as they transition back into society.
- **Recruit More Prison Officers:** Finally, we need to address the staffing crisis in our prisons by bringing forward an urgent plan to recruit and retain more prison officers. Overworked and overstressed staff simply cannot manage the current situation, let alone one where the population continues to rise.

Read our new policy in full

This is not just about fixing a broken system—it’s about building one that works for everyone. Our proposals are rooted in common sense and fairness. By cutting the reoffending rate and clearing the courts backlog, we can ease overcrowding and create a prison system that truly rehabilitates offenders.

The Conservatives have left us with a mess, but we don’t have to continue down this road. The Liberal Democrats have a plan that will fix our prisons and give offenders a real chance at rehabilitation—helping to create a safer, fairer society for us all.

It’s time to stop talking about fixing the crisis in our prisons and start taking real action. The solutions are clear. Let’s get to work.

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## [Fair Votes Now!](#)

The 2024 general election has again exposed the flaws of the First Past the Post system. Leaving millions of voices unheard and creating a divisive, adversarial political climate where collaboration is discouraged and accountability is often sidestepped.

The previous Conservative government, by making voting harder and ignoring democratic integrity, has only deepened these systemic issues, eroded public trust, and allowed for a ‘winner takes it all’ attitude to infiltrate the



democratic process.

The Liberal Democrats have long championed proportional representation, advocating for a voting system where every vote truly counts. We believe that reforming our electoral system is crucial for a fairer democracy and better governance.

Improving our democracy is an important end in itself, but it is also a necessary step to building a better country, with good schools and hospitals, affordable housing, safe communities and clean air. With a better electoral system and more democratic institutions, politicians and parties will have to be more focused on the things that really matter to people, and we'll have better public services and a fairer society as a result.

Liberal Democrats have a comprehensive plan to build a better politics, starting with a fair voting system so no one's vote is wasted:

- **Replace first past the post** with proportional representation via STV for UK General Elections and local elections in England.
- Ensure that the UK has **an automatic system of inclusion on the electoral register**.
- Protect and **strengthen the Electoral Commission**, including **by repealing the Government's power** to designate a strategy and policy statement for the Commission.
- **Scrap** the Conservatives' **Voter ID scheme**.
- Enable **all UK citizens living abroad to vote for MPs in separate overseas constituencies**, and to participate in UK referendums.

Give **young people the right to vote** in the first election after their 16th birthday, for UK general elections and referendums, and local elections in England.

Read our new policy in full

The First Past the Post system continues to be an unfair reflection of the UK, leaving many voices unheard and deepening divisions within our politics. It's time to move beyond this outdated system and create a political landscape that truly reflects and serves the needs of the public.

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