

Finance Bill Sub-Committee: Call for Evidence

Historic Houses Response

October 2025

1. Historic Houses is a not-for-profit membership association, representing around 1,450 Grade I and II* listed independent historic houses across the UK. Our members look after some of the UK's most significant built heritage.
2. Historic Houses does not believe that the reforms to inheritance tax agricultural property relief and business property relief announced in the Autumn Budget will produce the tax revenue anticipated and will instead serve to limit economic growth and productivity, particularly in the rural economy.
3. We do not believe that the negative impact of these changes to rural and heritage businesses has been properly assessed.

Background

4. The Gowers Report, commissioned by Clement Attlee's post-war Labour Government and published 75 years ago, in 1950, established a position on country houses which successive governments have taken: "it is in the public interest for houses of outstanding architectural or historic interest to be preserved...", and equally as importantly, "the owner of the house is almost always the best person to preserve it was the unanimous opinion of our witnesses, and is our own firm conviction".
5. The findings of the Gowers Report, broadly, are mirrored in the HMRC's own [*Guidance on Capital Taxation and the National Heritage*](#), which says that the government's position is that nationally important heritage of all kinds "should remain in private hands" and that its owners "should be encouraged to retain and care for it and display it to the public".
6. In most cases, the income required to pay for the cost of maintenance and of opening up heritage to public access is generated through commercial and business activities. For private owners, there are few alternative sources of funding available: they do not have access to the same range of grants that can be sought by charitable owners.
5. A supportive fiscal framework is vital for this privately owned built heritage. Many of our members, as rural SMEs, have planned succession strategies around the availability of full BPR and APR: tax reliefs which they, as hard-working small business

owners who ploughed their profits into care of nationally significant heritage, were eligible for.

7. Private ownership of heritage is a cost-effective model, which – by and large – works well. Our heritage relies on private owners to do the bulk of caring for historic buildings. Reducing the reliefs available to private owners of heritage against inheritance tax jeopardises the careful balance that currently exists to preserve heritage through the tax system. The legislation risks therefore damaging the delicate ecosystem in which the UK's heritage operates and could potentially threaten the survival of heritage assets currently held in private hands, for example where historic collections may now face sale and dispersal from their current and historic contexts with a view to their owners meeting new Inheritance Tax demands.

Reforms to agricultural property relief and business property relief

Identifying and funding inheritance tax due

Question 9: How easy will it be for those affected to report and make arrangements for funding the inheritance tax due, within the statutory six-month period?

8. For many historic estates, the 6-month window to arrange inheritance tax will prove very challenging. Historic estates are often made up of complex asset structures; wealth is generally held within the value of land and buildings, which they maintain, making it illiquid by nature.
9. Many owners of these heritage sites will be forced to break up their historic estates or their historic collections due to the changes to APR and BPR. Besides undermining and diminishing the UK's heritage landscape, in purely practical terms, this will take time. The current timeframe, the 6-month window, is inadequate to sort probate, make sales and pay tax bills.
10. In April 2025 in our response to the consultation *Reforms to Inheritance Tax agricultural property relief and business property relief: application in relation to trusts* we advocated for an 18-month window. We still believe that an 18-month window would be a fairer, more practical approach. This would help to alleviate some of the practical barriers introduced by a short, 6-month, timeframe.

Question 10: What issues, if any, might arise in relation to obtaining (and agreeing) valuations of qualifying business and agricultural property for inheritance tax purposes?

11. Historic Houses members often have diversified, complex estates. It can be difficult to distinguish adequately between agricultural, and business uses in estates of this type. It will be difficult to accurately and consistently value these unique sites.

Similarly, these sites often have longstanding historical restrictions, public access obligations and maintenance backlogs that will impact their true value. It will be a complex operation to accurately value these estates.

12. Another major issue will be the availability and capacity of suitably qualified valuers. Business and agricultural valuations require specialist expertise. A lack of familiarity with sector-specific factors e.g. livestock, crops, farm machinery, the components of a diversified rural businesses etc. can result in inaccurate valuations and may lead to further disputes. Similarly, for heritage properties, assets may include historic objects such as works of art, some of which will be of great national importance. Determining the value of unique chattels like this also requires expert valuation.

Impact

Question 11: What are your views on the Government's assessment of the impact of the changes, in terms of the number and type of estates which are affected? For example, do you think that smaller farms will be affected by the changes?

13. The changes will have a deeper impact on the UK's heritage and cultural sectors than has been recognised in any assessments produced by the government. The reduction in the availability of these reliefs is likely to have a significant impact.
14. A survey we ran in December 2024 suggested affected members would find themselves in line for an average additional inheritance tax bill of just under £4 million. 54% of respondents said changes to IHT reliefs will leave them unable to develop/diversify their business; 41% of respondents said they will either have to make redundancies or freeze hiring new staff as a result of changes made in the Budget; and a third of the respondents said they are likely to have to sell chattels to meet their new IHT liabilities.
15. These are heritage business that are large local employers in, often, rural areas where opportunities for employment and cultural activities are often harder to find in towns and cities. These changes will greatly impact rural communities and local economies. A report produced by [Family Business UK in June 2025](#) demonstrates the potentially disastrous impact of these changes. It warned that the changes will lead to a significant reduction investment, a reduction in GVA of £14.8 billion, and fewer jobs (208,500 FTE jobs at risk).

16. For the heritage sector, these changes would be catastrophic. There is a real risk that the UK's publicly accessible country house ecosystem will be diminished severely. These heritage assets are crucial to British identity and international soft power. If these changes are made, we will lose a part of our cultural identity forever.
17. These impacts have been overlooked, so far, by government. We would recommend thinking about the direct and indirect impact of these changes to APR and BPR; they risk extraordinary cultural and economic loss.

Implementation and transition

Question 12: Are farmers and business owners prepared for these changes, and what help or support might they need?

18. We do not believe that business owners and farmers are fully prepared for these changes. They represent a huge shift in estate planning, in a relatively short space of time. We know professional time has been extremely hard to come by as farmers and business owners vie for professional expertise on huge questions about the longevity of their businesses.
19. A considerably longer lead-in time is needed to implement these measures without causing significant damage. Placing time-pressure on major business decisions which shape long-term plans is unhelpful and stressful for those involved.
20. The Draft Finance Bill, which contains the actual detail of the provisions, was published 9 months before the measures are due to be implemented. In long-term estate planning terms, that is a very tight window.

Question 13: How straightforward will it be for those eligible for the reliefs to identify how the proposed changes will impact their inheritance tax liability, in order that they can plan accordingly?

21. Not particularly helpful. In many cases, business owners and farmers were expecting to have absolutely no IHT liability under BPR and APR. Our members are reporting an average expected IHT bill of £4 million each now. Very few of them have the ability to pay that without making significant changes to their business activities and operations, and their future business development plans.
22. Valuations also remain a source of uncertainty. How do you value an internationally famous heritage attraction, which was last sold 200 years ago? We believe there will be ongoing negotiations with HMRC's valuations team when chargeable events

occur, and it will be extremely difficult for some historic houses to pre-emptively calculate values (and therefore IHT liability).

Question 14: What are your views on the proposed timetable for the introduction of these measures, and do you think there should be any transitional provisions?

23. Whilst we welcome the confirmation of the extension of interest-free instalment option, one of the difficulties with the proposed changes to IHT reliefs is the need for the first instalment to be paid within 6 months of the date of death. Where estates are illiquid, which is commonly the case for historic estates, this will be difficult as there is often insufficient cash within the business.
24. For the reasons stated throughout this response, we recommend that the period in which the first instalment of tax is to be paid be extended to 18 months of the date of death.
25. Transitional arrangements more broadly would be welcomed and would help those affected by the changes manage this shift in estate planning better.

Consultation on both measures

Question 15: What are your views on the consultation process the Government has followed in relation to each of these measures?

26. Throughout this process the Government has neglected to adequately engage with heritage and cultural sectors. These changes to APR and BPR will impact nationally significant heritage sites that have been cared for by their owners and their owners' families for generations. A meaningful, direct, engagement with these groups would have been a useful way to understand the complexity of this situation. With this in mind, a single consultation on technical issues in relation to trusts feels an inadequate engagement with key stakeholders.