



The Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
1 Horse Guards Road  
SW1A 2HQ

13th December 2024

## **Consult with Family Businesses over Changes to Inheritance Tax Reliefs**

Dear Chancellor,

On behalf of 32 trade bodies and the 160,000 family businesses we represent we are calling for a formal Consultation on the changes to Business Property Relief (BPR) and Agricultural Property Relief (APR) announced in the Budget.

The changes to these policies will have a severe and long-lasting impact on these businesses and the livelihoods of the millions of people they employ. These businesses and the economy will be starved of much needed investment leading to forced, premature business sales and the loss of jobs in constituencies across the country.

In the absence of a published government impact assessment of the changes to BPR on family-owned businesses, and a detailed analysis of the number of companies in-scope of the policy, Family Business UK (FBUK) commissioned one.

If the purpose of this policy change is to incentivise investment, support growth, and fill a fiscal shortfall in the public finances, these changes will not deliver that. Modelling by CBI Economics shows that between 2026/7 – 2029/30 the changes to BPR could reduce economic activity (GVA) by £9.4 Billion, lead to more than 125,000 job losses – including among the SMEs the government is trying to support and protect - and result in a net fiscal loss to the Exchequer of £1.25 billion.

BPR and APR are not loopholes. They exist for a purpose. Introduced by Labour in 1976, they allow profitable businesses to continue trading, without penalty, when the owner dies. Where a business is able to do so, a dividend covering the cost of the IHT bill can be paid. But this comes with an additional tax cost of 39.5% - effectively double taxing family-owned businesses.

No other model of business ownership is subject to these punitive taxes when a business transitions ownership. BPR therefore allows family businesses to compete fairly with PLCs, private equity, and other models of business ownership.

Family businesses will support a government that inspires entrepreneurialism, and incentivises investment, job creation, long-term growth and prosperity. But we need a policy landscape that encourages investment - not only for the term of a Parliament, but for future generations.

A formal Consultation will allow for proposals to be considered that will raise additional funds to the Treasury, incentivise family firms to invest, provide job security and sustainable livelihoods for employees, and stimulate the economic growth the country desperately needs.

Sincerely,

A handwritten signature in black ink, appearing to read 'Neil Davy'.

Neil Davy  
Chief Executive Officer  
**Family Business UK**



Sue Kemp	Managing Director	Associated Independent Stores
James Lowman	CEO	Association of Convenience Stores
Tom Jones	CEO	British Allied Trades Association
Emma McClarkin	CEO	British Beer and Pub Association
Tom Bowtell	CEO	British Coatings Federation
Deborah Walker	Director General	British Holiday and Home Parks Association
Will Jones	COO	British Home Enhancement Trade Association
Andrew Goodacre	CEO	British Independent Retailers Association
Lesley Robinson OBE	Chief Executive	British Marine
Jim Winship	Director	British Sandwich & Food Go Association
John Newcomb	CEO	Builders Merchant Federation
Peter Ward	Director	Café Life Association
Carolyn Mitchell	Chair	Commercial Interiors UK
Steven Mulholland	CEO	Construction Plant-Hire Association
Victoria Vyvyan	President	Countryside Landowners Association
Karen Dear	CEO	Craft Bakers Association
Steve Bratt	Group CEO	Electrical Contractor's Association
Emma Mosely	Chair	Farm Retail Association
John Farrand	Managing Director	Guild of Fine Food
Ben Cowell	Director General	Historic Houses
Fran Barnes	Chief Executive	Horticultural Trade Association
Kate Nicholls	CEO	Hospitality UK
Neil Jefferson	Chief Executive	Home Builders Federation
Richard Bailey	Chairman	Independent Family Brewers of Britain
Andrew Judd	CEO	National Association of Funeral Directors
Martyn Rowley	Executive Director	National Body Repair Association
Tom Bradshaw	President	National Farmers Union
Sandra Bennett	Director	Pizza Pasta & Italian Food Association
Kate Shoosmith	Deputy CEO	Recruitment & Employment Confederation
Rhett Hatcher	CEO	UK Chamber of Shipping
Miles Beale	Chief Executive	Wine and Spirit Trade Association