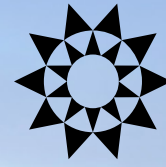


# Rural Newsletter

Spring / Summer 2026



WR  
Partners  
Protecting your future.

Read all the latest news and all of the latest changes coming to the rural and farming community.

## From Your Rural Team

**Farming rarely gets easier, and 2026 has certainly brought its share of challenges. Rising direct costs, reduced support payments, and the inheritance tax changes from April have created uncertainty for many of the families we work with.**

But in our conversations with clients across the region, we are also seeing resilience and adaptation. Farms diversifying into new income streams, reviewing their business structures, and having those difficult succession

conversations that need to happen. Taking control of what can be controlled.

That is the approach we take with you. We focus on practical planning: protecting cash flow when margins are tight, making sure you are claiming every tax relief and helping you structure finances and businesses for the long term.

This newsletter covers some of the key areas clients are asking about.

But printed articles can only go so far. Your farm, your family situation, your plans - they are all unique. The best conversations we have are the ones where we can talk through your specific circumstances and work out what makes sense for you.

We will also be out at the summer shows from June through to August, so if it is easier to catch us there for a conversation, please do.

*From all in the WR Partners Rural Team.*



## Understanding the Inheritance Tax Changes for Farms

**The inheritance tax rules for farms and rural businesses changed significantly in April 2026. For decades, unlimited relief meant that qualifying shares, farms and business assets could pass to the next generation without any inheritance tax. That system is now gone.**

Under the new rules, there are limits on how much can pass tax-free. Full relief applies up to certain thresholds, but assets above those limits receive reduced relief. For larger farming and rural businesses, this could create substantial tax bills.

The government estimates that most farms will not be affected by these changes. But for those with significant land holdings, valuable diversified businesses, or farms that have grown substantially in value over the years, the impact can be considerable.

### Why This Matters: The Liquidity Problem

The real challenge is not just the tax itself - it is finding the cash to pay it. Most farm wealth is tied up in land, buildings, livestock, and working assets, not sitting in bank accounts.

When someone dies and an inheritance tax bill arrives, it must be paid within six months. For a farming family, this can mean having to sell land or buildings that are essential to the operation of the business. That is the scenario these changes have created for estates above the new limits.

### What You Should Do Now

If you think these changes might affect your farm, there are practical steps you can take.

#### 1. Start with understanding your position.

Get a professional valuation of your total estate - not a rough guess, but a proper assessment of what your land, buildings, farmhouse, cottages, stock, machinery, and other business assets to be clear as to what shares and business interests are actually worth. You cannot plan with certainty and effectively without knowing your current position.

#### 2. Consider life insurance.

This does not reduce the tax bill, but it may reduce or solve the liquidity problem. When you die (if written into trust and premiums are paid from surplus income) the insurance payout goes directly to your beneficiaries outside your estate for IHT purposes. They can use this money to pay the inheritance tax and may enable assets to be retained that having to sell farm assets. The cost of premiums needs to be weighed against alternative IHT Planning options, or borrowing monies, or selling land to pay the tax.

#### 3. Review your succession planning.

How you structure your company or partnership, and the transfer of your shares, farm and business assets to the next generation affects how the tax reliefs apply. The tightened rules make careful succession planning more important than it has ever been.

This is not just about tax - it is about making sure the farm and other family businesses may continue as a viable business.

#### 4. Update your will.

If your will was written before the changes, it may no longer work as efficiently under the new rules. Make sure it reflects current law, any revised succession plans and makes the best use of the reliefs that are still available.

#### 5. Have the family conversations.

Estate planning only works when everyone understands what is supposed to happen and why. These can be difficult discussions, but they are essential for avoiding conflict and ensuring the farm passes smoothly to the next generation.

### It Is Not Too Late to Plan

If you did not act before April, do not panic. While some pre-April opportunities have closed, there are still meaningful planning options available. The changes make professional advice more valuable, not less.

We work with farming families across Shropshire, Cheshire, and Wales to help them understand these rules and put practical plans in place. If you are concerned about how the changes affect your farm, get in touch for a straightforward conversation about your options.

## Making the Most of Your Farm Diversification

**Farming across Shropshire, Cheshire, and Wales has changed dramatically over recent decades. Many of the farm businesses we work with have diversified into additional income streams -renewable energy, holiday lettings, livery yards, farm shops, storage, commercial property and more.**

Diversification can provide valuable additional income and help protect your business from the uncertainties of agricultural markets. But it also brings its own challenges, particularly when it comes to tax and business structure.

### Keeping Your Tax Position Clear

When you run multiple business activities under one farm, the tax treatment can get complicated. Your core farming business may attract certain tax reliefs, but your diversified activities might be taxed differently.

For example, residential lettings are treated differently from commercial lettings. A farm shop selling your own produce or bought-in goods by you, is different to letting buildings for a shop. The way you structure these activities can have a significant impact on your tax position.

### Understanding Capital Allowances

If you are investing in buildings, equipment, or infrastructure for your farm and diversified activities, you will be able to claim capital allowances to reduce your tax bill. The rules around

this can be complex, and it is worth getting specific advice on when and what you can or cannot claim at an early stage of such investment.

For agricultural buildings and structures, different rules apply compared to commercial property. Making sure you are claiming everything you may be entitled to can make a real difference to your bottom line.

### Planning for the Future

Diversification can also affect your long-term succession and estate planning. Different types of business assets may attract different levels of tax relief when you come to pass them on to the next generation.

It is worth reviewing your overall business structure periodically to make sure it still makes sense for your circumstances. What worked five or ten years ago when you first diversified might not be the most efficient setup now.

### What You Should Be Thinking About

**Here are some key questions to consider:**

Are your different business activities structured in the most tax-efficient way? Sometimes it makes sense to separate certain activities into different entities. Other times it may be better to keep everything together. The right answer depends on your specific situation.

Are you keeping clear records for each activity? Good record-keeping isn't just about meeting your tax obligations. It also helps you understand which parts of your business are actually profitable and where you should be focusing your efforts.

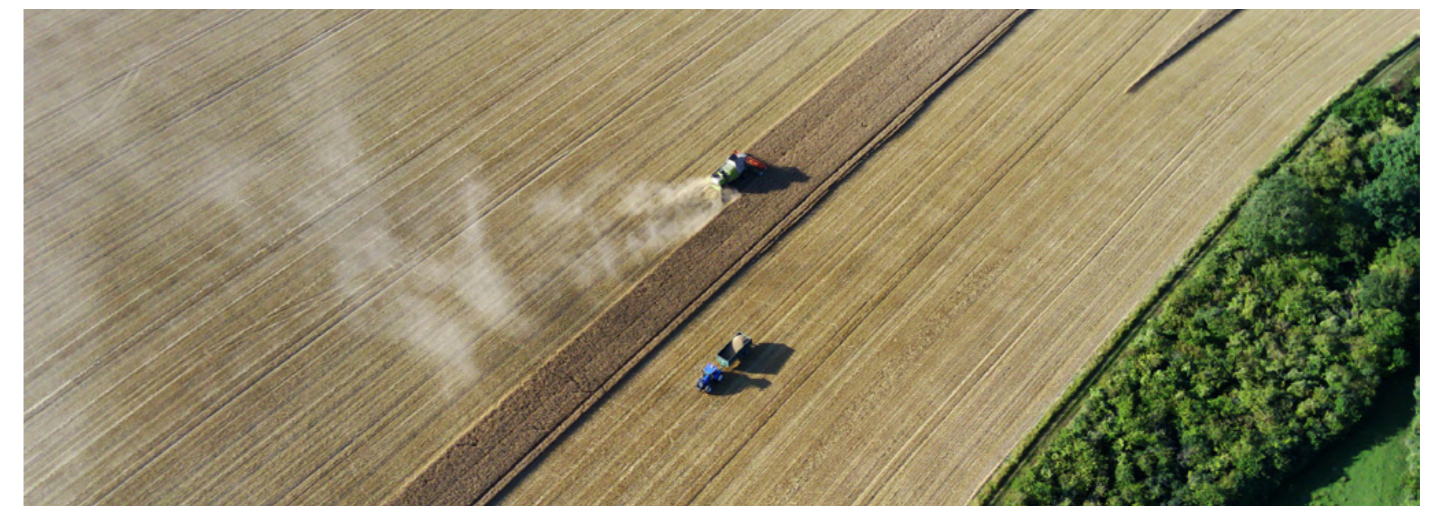
Have you reviewed your insurance coverage? As your business activities expand, your insurance needs change too. Make sure you are properly covered for all the activities you're running.

Have you reviewed your debts structure and rates? Interest rates, cashflow and trading activities may have changed since you last reviewed overdraft facilities and loan agreements, and your finance arrangements may need to change too. Make sure you have a summary of finance outstanding, interest rates and annual costs for all finance.

### We are Here to Help

Diversification can be an excellent way to build resilience into your farm business, but it needs proper planning and ongoing review. We work with farming clients across the region to structure their diversified businesses efficiently and make sure they're not paying more tax than necessary.

If you are thinking about diversifying, or if you've already diversified and want to make sure your structure is working as well as it could be, have a chat with us. We can help you think through the options and put the right plans in place.



# Making Tax Digital: What Farming Sole Traders Need to Know



**Making Tax Digital for Income Tax (MTD for IT) is now live for many sole traders - but if you run a farming business, there is a specific concession worth knowing about before you assume the April 2026 deadline applies to you.**

## So, what's changing?

Instead of a single annual Self Assessment return, MTD requires sole traders and landlords to keep digital records and send HMRC quarterly summaries of their income and expenses, plus a year-end final declaration. The rollout is based on gross income (turnover, not profit):

April 2026 - qualifying income over £50,000

April 2027 - qualifying income over £30,000

April 2028 - qualifying income over £20,000

## The farming deferment

Following successful lobbying by the NFU, sole trader farmers who may reasonably expect to use farmers profit averaging are entitled to defer entry into MTD until April 2027 - even if other income would otherwise have brought them into the April 2026 bracket.

Sole traders who claimed averaging relief on their 2024-25 tax return, or if they claimed, or reasonably expect to claim, an averaging relief in their 2025-26 or 2026-27 tax return may qualify. These taxpayers will need to

give a notice to HMRC, satisfying HMRC that they reasonably expect this to be the case. HMRC's online guidance makes it clear that this 'notice' should take the form of a formal application.

The reason? HMRC was unable to include profit averaging in its public testing phase, leaving the system effectively untested for this group. It's a sensible concession, and one that will give many farming businesses in our region some much-needed breathing space.

One thing to be aware of: HMRC hasn't yet fully confirmed exactly how eligibility for the deferment will be assessed. Please do not just assume it applies automatically. A conversation with your advisor now is worth more than a headache later.

## What MTD will mean in practice

When your start date arrives, you'll need HMRC-approved software to keep digital records and submit quarterly updates. Paper records won't be sufficient on their own and will be required to be kept in a digital format. If your farm has multiple income streams; a farm shop, holiday lets, and the farming operation itself - separate submissions will be required for each trade, which adds complexity for diversified businesses.

## What to do now

If you have an exemption for April 2026, April 2027 sounds a way off, but transitioning to new software and record-keeping habits takes

time. We'd suggest checking your gross income figure from your last filed return, thinking about how your current records are kept, and having a conversation with your advisor about where you stand.

We're helping farming clients across Shropshire, Wales, and Cheshire work through exactly this - and we'll keep you updated as HMRC's guidance develops.

Get in touch with your usual WR Partners advisor, or visit [wrpartners.co.uk](http://wrpartners.co.uk) to find out more.

*This article reflects guidance available as of April 2026. Please speak with your WR Partners advisor for advice tailored to your situation.*



## Partnership vs Limited Company

**The majority of farming and rural businesses are structured as partnerships, often because that's how they've always been set up and they do offer significant flexibility legally, and for tax and succession planning. But as businesses grow and evolve, it is worth periodically reviewing whether your current structure still makes sense.**

There's no single right answer for every business. What works for a traditional arable or livestock farm with two or four partners might not be appropriate for a more heavily geared, diversified rural business with increased potential risk and returns.

*Continued Overleaf...*



	Partnership	Limited Company
TAX RATES	<ul style="list-style-type: none"> <li>Profits taxed at personal income tax rate</li> <li>20%, 40%, or 45% depending on total income</li> <li>Class 4 National Insurance: 6% on profits £12,570– £50,270, then 2% above that (paid via Self Assessment)</li> <li>All profit taxed whether drawn out or not</li> </ul>	<ul style="list-style-type: none"> <li>Corporation tax on profits: 19–25%</li> <li>Dividend tax: 10.75% (basic rate) / 33.75% (higher rate) / 39.35% (additional rate) after a £500 tax-free allowance - paid from profits after corporation tax</li> <li>Personal tax on salary when drawn</li> <li>Can retain profits in company at lower rate</li> </ul>
FLEXIBILITY	<ul style="list-style-type: none"> <li>Very flexible profit shares</li> <li>Easy to adjust over time</li> <li>Simple to bring in next generation gradually</li> <li>Farmers averaging applies</li> <li>Sideways loss relief</li> </ul>	<ul style="list-style-type: none"> <li>Clear shareholding structure</li> <li>Can issue different share classes</li> <li>Less flexible once established and cost to administer changes</li> </ul>
ADMINISTRATION	<ul style="list-style-type: none"> <li>Relatively simple</li> <li>Fewer compliance requirements</li> <li>Less annual paperwork</li> </ul>	<ul style="list-style-type: none"> <li>More formal requirements</li> <li>Annual accounts filed publicly at Companies House</li> <li>More administrative burden</li> </ul>
BEST FOR	<ul style="list-style-type: none"> <li>Drawing out most profit</li> <li>Family farm with stable profits and gradual succession</li> <li>Want simplicity and flexibility</li> <li>Traditional farming structure</li> </ul>	<ul style="list-style-type: none"> <li>Retaining profits in business</li> <li>Higher rate taxpayers with surplus income and no need to draw from this business</li> <li>Bringing in external investors</li> <li>Clear separation of Company and Other assets &amp; businesses in lifetime and for succession planning</li> </ul>

The right choice depends on YOUR circumstances. We can help you decide.

## Our Rural Team Across Shropshire, Cheshire & Wales

### Agricultural & Farming Specialists



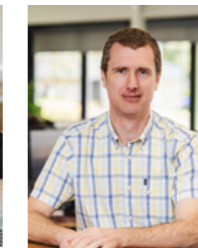
**Andy Malpass**  
Partner



**Roy Jackson**  
Partner



**Claire Smith**  
Partner



**Andrew Rawlings**  
Director



**Cathrin Roberts**  
Director



**Kathryn Rawlings**  
Director



**Mike Atkin**  
Director



**Iain Painter**  
Consultant



**Stuart Jones**  
Senior Client Manager



**Lindy Pellow**  
Senior Client Manager



**Alexa Felton**  
Senior Client Manager



**Lee Jones**  
Client Manager



**Bethany Thomas**  
Client Manager



**Jack Foulkes**  
Client Manager



**Donna Robb**  
Client Manager

### Landed Estates Specialists



**Sarah Davies**  
Partner



**Tim Taylor**  
Director



**Lucinda Davenport**  
Director



**Elizabeth Read**  
Senior Client Manager



**Rowena Mottershead**  
Client Manager

## Get in Touch

At WR Partners, we help farming and rural business owners across Shropshire, Cheshire, and Wales with tax planning, business advice, and succession planning.

**Phone:** 08000 664 664

**Email:** [hello@wrpartners.co.uk](mailto:hello@wrpartners.co.uk)

**Website:** [wrpartners.co.uk](http://wrpartners.co.uk)

# See You at the Summer Shows

Come and visit the WR Partners team at these agricultural shows across the region:

<b>Arable Event</b>	Wednesday 17th June 2026
<b>Newport Show</b>	Saturday 11th July 2026
<b>Nantwich Show</b>	Wednesday 29th July 2026
<b>Oswestry Show</b>	Saturday 1st August 2026
<b>Burwarton Show</b>	Thursday 6th August 2026
<b>Minsterley Show</b>	Saturday 15th August 2026
<b>Berriew Show</b>	Saturday 29th August 2026

We look forward to seeing you there and would welcome the opportunity to chat about your farm or business



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