



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,

Neil Davy
Chief Executive Officer
Family Business UK



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| Sue Kemp | Managing Director | Associated Independent Stores |
| James Lowman | CEO | Association of Convenience Stores |
| Tom Jones | CEO | British Allied Trades Federation |
| 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 |
| Andrew Goodacre | CEO | Association British Independent Retailers |
| Lesley Robinson OBE | Chief Executive | Association British Marine |
| Jim Winship | Director | British Sandwich & Food To 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 | Country Land and Business Association |
| Karen Dear | CEO | Craft Bakers Association |
| Steve Bratt | Group CEO | Electrical Contractors' 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 | UKHospitality |
| 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 |