



MAXIMISING THE SALE OF YOUR FARMLAND

*Simplified, trusted, independent financial advice for
you, your family and your livelihood.*

Financial Advice
for Farmers

powered by Integrity
365



EXPERTS IN PROVIDING FINANCIAL ADVICE FOR FARMERS



Understanding You

Our team of advisers have been supporting farmers and agribusiness owners for years. As such, they are familiar with the complexities of financial planning for farmers, as well as the challenges within the rural community that can often delay individuals from seeking advice, such as:

- Climate change and weather
- Focused on generating income for you and your family
- Government support of rural life & green belt decline
- Increased costs
- EU changes
- Legislative risk
- Stress and long work hours

With years of experience serving the unique financial needs of farmers and rural communities, our dedicated team understands the unique challenges and planning considerations that come with agricultural life.

Our Rural Roots

Integrity365 was founded in the picturesque countryside between Chippenham, Bristol and Bath, providing trusted advice to individuals, business owners, families and corporate organisations in the local area. Over time, we have expanded our reach across the UK, earning a reputation for excellence that reflects our commitment to our clients.

We understand the deep-rooted, traditional values that resonate within rural communities, and take pride in fostering long-lasting relationships, which often span generations. Therefore, we not only know the importance of planning for the future but also the profound impact our advice can have on family - and farming - legacies.

The Importance of Independence

As part of our dedication to excellent client service and delivering tailored advice to meet your goals, we are completely independent as a business. This means we have no ties to specific providers, which sets us apart from many other well-known agricultural advisory services.

Instead, we search the whole of the market to find the right solution for our clients. Your objectives are our priority, ensuring that our advice is impartial and focused on what is best for you.

SELLING FARMLAND



Selling farmland can be financially transformational, but careful planning and professional advice is important in order to maximise returns and minimise tax.

There are a multitude of reasons why farmland is sold each year, and land agents are appraising increasing numbers of farms year on year.

Farms are often sold when the family are retiring from farming. This could be due to retirement with no successor, a change of career, to pay off debt, or life events such as divorce or a death in the family.

For many families, selling off the farm (or parts of it) can be hugely emotional and driven by necessity. For others, this was always the long-term retirement plan.

Whatever your reason for the sale, consideration must be taken on how to use the funds once realised, and how to mitigate the potentially large tax bills that can arise.

This guide will help you understand the tax implications, relief options, and strategies for farm sales, and look into how to reinvest the proceeds wisely.



UNDERSTANDING CAPITAL GAINS TAX (CGT)

When selling farmland, Capital Gains Tax (CGT) applies to any profit made on the sale. There is an annual CGT Allowance of £3,000, meaning this portion of the gain is tax-free within the tax year of sale.

However, the taxable profits will be charged at the following rates:

- 24% for Higher Rate Taxpayers (HRT)
- 18% for Basic Rate Taxpayers (BRT)

It is crucial to ensure that the sale does not inadvertently fall under income tax rates (20%, 40%, or 45%), which could lead to a significantly higher tax liability.

Our expert team of Independent Financial Advisers can help you understand the complexities of tax planning and the implications of selling farmland on your individual tax position.

The 'Transactions in UK Land' rule prevents the avoidance of Income Tax and Corporation Tax on land transactions that are essentially trading transactions, where the profit is realised in capital or non-taxable formats. It is therefore crucial to ensure the gain does not fall within this remit, as this will significantly increase the amount of tax owed. Consulting a tax advisor is important for this.

If the farmland is owned within a limited company, the gain may instead be subject to corporation tax rather than CGT. Tax is applied on the gain. Therefore, if land was purchased for £100,000 and sold for £500,000, the taxable gain is £400,000. Similarly, if inherited land was valued at the point of inheritance at £2 million, and later sold for £5 million, CGT applies to the £3 million gain.

How is CGT Paid?

Any capital gains made must be reported to HMRC and the CGT paid directly. This can be done either via a self-assessment tax return, or via the 'real time' Capital Gains Tax service.

Calculating the gain can be complex if there are reliefs involved, or significant costs to offset. Using an agricultural chartered accountant is recommended to ensure you get the tax calculation correct, to avoid any unexpected fines or tax bills further down the line.

CAPITAL GAINS TAX RELIEF



In addition to the Capital Gains Tax Allowance, each tax year there are additional reliefs that could be applied to maximise the sale of land, depending on your circumstances and rules on qualifying assets.

Rollover Relief

If the funds received from selling farmland are then to be reinvested into qualifying property, you can defer the CGT liability by rolling the gain into a new asset.

However, there are certain rules that apply:

- The reinvestment must take place within one year prior to sale or up to three years after the sale.
- The business must be trading when the old assets are sold and new ones purchased.
- The old and new assets must be actively used within the business.

Examples of qualifying property could include:

- Farm improvements (Business assets - not repairs)
- Land used for trade
- Fixed plant and machinery

The gain can be also deferred into an Enterprise Investment Scheme (EIS) where tax is paid only when funds are withdrawn from the scheme.

Please note that taking professional advice regarding the classification of qualifying assets is important, as there are several more complex rules applying to this relief, not covered here.



CAPITAL GAINS TAX RELIEF

Our expert advisers are here to help you understand your situation by making sense of the complexities of tax planning and ensuring you are making the most of available and applicable reliefs.

Business Asset Disposal Relief

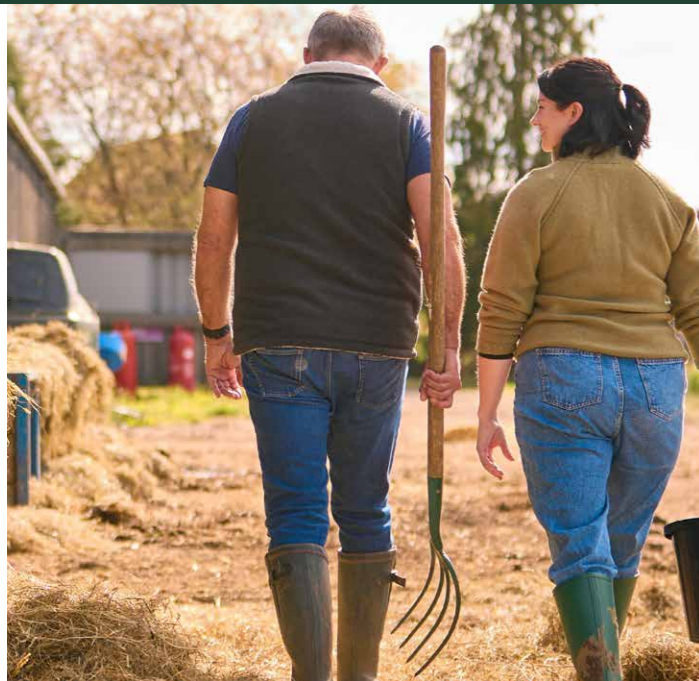
Previously known as Entrepreneurs' Relief, Business Asset Disposal Relief reduces the CGT rate to 18% if certain conditions are met, with a Lifetime Limit of £1m.

Planning ahead is essential to maximise relief and ensure eligibility. This used to be a preferable rate of 14%, however recent changes in legislation mean that from April 2026 this rate aligns with standard CGT rates at 18%.

To qualify for this relief, you must fit various criteria, depending on what property is being sold and how the business is structured in relation to that property.

Tax planning is complex due to the exemptions, allowances, reliefs and their applicable rules. Therefore, it is important to seek advice from an Independent Financial Adviser, such as ourselves, who can help you understand your circumstances and the options available, to ensure you are making the most of these reliefs.

MITIGATING CAPITAL GAINS TAX



1. Offsetting Against Certain Cost and Expenditure

If you are selling land and buildings, and have been spending money on the upkeep of the property and investing in to its improvement, these costs may offset against the capital gain. Expenses that are offset against Income Tax are also not deductible for CGT. Costs of purchase can be included amongst offset costs.

2. Utilising Previous Losses

When reporting a capital loss, the amount can be deducted from any gains made in the same tax year. If the total taxable gain is still above the tax-free allowance of £3,000, unused losses from previous tax years can be

used to reduce the gain. This claim can be made up to 4 years after the end of the tax year in which the asset was disposed of.

3. Spousal Transfers

There is no CGT due on assets given or sold to your spouse or civil partner – providing you are not separated. Therefore, transferring some assets to your spouse before disposal could ensure you have two CGT allowances to use, and reduce the overall amount of CGT paid by using two tax bands. The gain on assets gifted to spouses or civil partners is calculated on the difference in value between when the original spouse owned the asset, and when the receiving spouse disposed of it.

4. Pension Contributions

With careful planning, pension contributions can help higher-rate tax payers reduce the total taxable earned income. This then means that more CGT can be paid at the lower tax band. Investing this wisely can provide a double benefit of saving tax whilst also providing a healthy pot of money to be used in the future for income or capital expenditure. 25% will also be tax free when drawn down.

To mitigate the CGT in the most comprehensive way possible, taking professional advice is key. Talk to a qualified financial planner alongside your accountant. Together they can work to ensure you are minimising the tax due and maximising your return from the sale.

PUTTING SALE PROCEEDS TO USE

Often, farmers have spent a lifetime being ‘asset rich and cash poor’, therefore the sudden arrival of a large sum in the bank can cause considerable unease about what to do with the funds. Before deciding how to allocate the funds from your farmland sale, consider two key questions:

1. Do you need capital for immediate expenses?

Set this aside. For example:

- Purchasing a new home or investment property
- Renovating an existing home or upgrading assets
- Buying a car or other personal purchases
- Enjoying a well-deserved holiday

2. Do you need income from the proceeds?

If so – how much and how often? A range of options exist depending on whether you require fluctuating or steady income, guaranteed or variable income, and inflation-linked income. Which option you take forward will depend on your tolerance and capacity for investment risk, your objectives, the amount of income and capital involved, and any secondary objectives such as Inheritance Tax (IHT) mitigation.

When establishing an income need, running a thorough and honest budget can be the most useful exercise. Go through your standing orders and direct debits, then through the last few months of bank statements to

Once the sale is going through, it’s important to have a think about ‘what’s next’. If looking to step away from farming, proceeds from the sale will be crucial for providing the capital and income needed going forward.

establish a realistic expenditure need. Consider also any expenditure that was previously run through the farm, and would now need to be paid for on a personal basis.

If IHT mitigation and succession planning is a concern, structuring the proceeds accordingly via trust-based investments can be key.

For example, a discounted gift trust can provide an income for life whilst shielding the capital from IHT. Loan trusts are a useful tool for those looking to maintain access to capital but mitigate future growth on the estate.

Aside from these examples mentioned, there are many further solutions we, as financial planners, can help you explore to establish a strategy that is most suitable for your circumstances. Consider these prior questions whilst waiting for your first meeting, as this will help to guide your adviser to what is most fitted for you, and ensure nothing is getting missed.



CASE STUDY: HELEN & DAVID'S FARM SALE



We understand that no two families are the same, and as such your plans for life after the farm will vary. Our advisers will get to know you and your individual circumstances to help plan for your future.

Helen and David owned a large arable farm together for 20 years. They have one child, who works in London and is not interested in farming, therefore there is no one to take on the farm from Helen and David within the family. They considered hiring a farm manager as they get older but felt that the lack of involvement would not suit them.

Reaching the age of 60, they decided it was time to look beyond farming, and create a different future for themselves. After some deliberation, they put the farm up for sale – selling for £5 million – and made the decision to relocate to be closer to family.

After paying Capital Gains Tax, the net proceeds from the sale of the farm and machinery were £4.2 million. Having spent their lives on lower incomes, with capital tied up in assets, Helen and David got in touch with an Integrity365

Independent Financial Adviser to optimise the use of the sale proceeds and help them reach their new life goals.

Firstly, it was important to ensure they could generate an inflation-proofed income to support their retirement. Their financial planner used cashflow modelling to make projections of their financial future to budget for relevant costs based on their desired lifestyle, and factoring in potential life events including enough to cover care fees in later life.

From here, they were able to look at a range of investment and saving options to utilise the capital, as well as sensibly earmarking a liquidity fund of £100,000 for emergencies.



CASE STUDY: HELEN & DAVID'S FARM SALE



Once we have valued your estate and got an idea of the potential Inheritance Tax liability, our advisers can work with you to devise a tailored plan with solutions aimed to reduce the liability or help pay the bill when due.

This helped them understand what they could afford to spend to truly enjoy the retirement they had worked hard towards all these years. Now, they could look at the couple's top priority – which was to spend a large sum on some life upgrades, including purchasing a new home. They were able to put £1 million towards a house with plenty of character, including renovations to modernise it to suit their tastes and some furniture upgrades.

Another goal for Helen and David had always been to travel the world, so they earmarked £200,000 for their holiday fund and some additional luxuries such as their dream car.

As well as ensuring they had enough to cover their retirement costs, lifestyle improvements, and spending goals, they wanted to ensure they were able to pass the

remainder of their estate down to their child to help their financial future too.

Therefore, after first calculating their projected Inheritance Tax liability, their adviser was able to use a combination of discounted gift trusts, loan trusts, ISAs and pensions to optimise their plans and simultaneously reduce this.

Then, for the remaining IHT bill projected, they took out a Whole of Life insurance policy to pay out enough to cover this amount upon the event of their death. This ensured that the IHT liability could be paid off by their child, and they had the peace of mind knowing their assets would pass on as they wish.

A TEAM OF EXPERTS IN FINANCIAL ADVICE FOR FARMERS

Selling farmland is a complex financial decision that requires strategic tax planning, reinvestment considerations, and understanding of your long-term financial goals.

Consulting a specialist financial planner will help to optimise tax efficiency, protect wealth, and ensure a secure financial future. The employment of an experienced accountant will also be key.



Nicola Glass

Having previously worked at NFU Mutual for a number of years where she became one of their top financial advisers, Nicola Glass is particularly knowledgeable and experienced in this field and understands the unique pressures and challenges of farmers and their families.

Nicola advises clients throughout the UK, specialising in advice for farmers, business owners and those planning for retirement. Her passion for optimising her clients' financial position and providing a high level of care and advice saw her named South East Financial Adviser of the Year at Professional Adviser's prestigious Women in Financial Advice Awards.

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Integrity365's trusted team of Independent Financial Advisers have extensive experience in providing financial advice for farmers, and understand the unique challenges of British farming.



Ross MacDonald

Ross works with clients in Scotland, supported by a highly skilled and experienced team. As a well-known face of financial planning in Inverness and further afield, Ross has supported a large number of farmers and agricultural proprietors in Scotland in his 25+ year career.

He also understands the importance in the legacy of a family business, as MacDonald Partnership, which joined Integrity365 in 2023, was founded by his father in 1978 and has built a considerable reputation. Ross continues that legacy into the future and is passionate in working with clients to continue their business through the generations.

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Esther Clemmey

Chartered Financial Planner, Esther, has a special interest and knowledge around financial planning for farmers and rural high net-worth clients, stemming from her rural upbringing in the farming community, enhanced by her time at NFU Mutual.

Quickly finding success, Esther became one of NFU Mutual's top advisers within her first year of practice. She focuses on giving both business and personal clients a high-quality level of service and especially enjoys resolving more complex financial planning cases.

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The background features large, stylized letters 'IR' in shades of grey and white, set against a dark green background. The letters are partially cut off by the right edge of the page.

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Please note: this guide version was published in April 2025 and all information is correct as at this date.

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