

Agricultural Property Relief: Recent Lands Tribunal Decision

Agricultural Property Relief ('APR') can be a valuable relief from Inheritance Tax provided that the relevant criteria are met. In order to be eligible for APR there are two primary qualifications which have to be met. Firstly, the property has to meet the definition of "agricultural property". This definition includes cottages and farmhouses, which are of a character appropriate to the farm, in addition to agricultural land itself. The second primary qualification for APR is that the property has to be occupied by the individual "for the purposes of agriculture" for at least two years before the date of the individual's death or owned for seven years before the individual's death and occupied "for the purposes of agriculture" throughout the seven year period.

The Land's Tribunal recently considered APR in the case of *C Atkinson & P Smith (W M Atkinson's Executors) v HMRC*. In this case a farmer, purchased a farm in 1957 and initially farmed the land himself. The land was then let to a family farming partnership of which the farmer was a member. He lived in a bungalow, which was located on the farm from 1966 until 2002. He then moved into a care home in 2002 until his death in 2006. The bungalow was unoccupied whilst he was in the care home, but he did occasionally visit the bungalow. On his death the executors of the estate submitted to HMRC that the bungalow qualified for APR. HMRC rejected this on the grounds that the bungalow had not been used for "the purposes of agriculture" throughout the seven year period prior to the deceased's death.

The Land Tribunal held in this case that the bungalow was in fact used continually by the partnership until the date of death and the bungalow was used "for the purposes of agriculture" as the bungalow was used to accommodate the needs of the deceased, who was the senior partner of the farming partnership.