Countryside Alliance
The Voice of the Countryside

COUNTRYSIDE ALLIANCE BRIEFING NOTE: BUDGET 2025

Wednesday 26 November 2025

Contents

Key points

- **The Chancellor of the Exchequer has not reversed course on the Family Farm Tax, instead announcing that the £1 million allowance for the 100% APR and BPR relief rates will be transferable between spouses. The Countryside Alliance maintains its opposition and its calls for deeper reform to this fundamentally flawed policy.**

- **The Chancellor confirmed the plan for permanently lower business rates for the retail, hospitality and leisure (RHL) sector, announcing those rates as 5p below those paid by other sectors. The Countryside Alliance welcomes this change.**

- **Contrary to earlier speculation the Chancellor has elected not to introduce a single tax on remote betting and gaming. Instead, she announced an increase in duties on remote gambling, but remote bets on horseracing will not be affected.**

- **The Chancellor announced changes to energy levies that should save households £150 per year in energy costs. She has not, however, reduced VAT rates payable on heating oil for either domestic or business customers.**

- **The Chancellor announced a pay-per-mile duty on electric vehicles along the lines anticipated. This new Electric Vehicle Excise Duty (eVED) will involve drivers paying for their mileage on a per-mile basis alongside their existing Vehicle Excise Duty. The Countryside Alliance is concerned that the proposed model fails to take account of rural needs.**

- **The Red Book makes no mention of changes to the regime for red diesel, nor of any plans to introduce a vehicle purchase tax levied according to vehicle weight. The Countryside Alliance welcomes these omissions.**

Background

- Ahead of the Budget the Countryside Alliance twice wrote to make representations to the Chancellor of the Exchequer.

- Our first letter, of 25 September, was sent in reaction to a report that the UK office of the Brussels-based European Federation for Transport and Environment (T&E) was lobbying her to introduce a vehicle acquisition tax levied by weight.[1] We argued that taxation in this manner would unfairly penalise rural drivers and exacerbate the rural premium on transport costs.[2]

- Our second letter, of 30 October, made ten requests that are outlined thematically below, relative to the actual Budget announcements.[3]

- It had become apparent that this year the country was facing a tax raising Budget. Our focus was therefore on insulating rural communities, as far as possible, from disproportionate burdens. While there are several areas of rural life that we believe would benefit from new or increased government investment, we made no requests for new expenditure. We focused instead on broader fiscal policy and tax.

- Separately, we commented on press speculation that the government intended to introduce a scheme of pay-per-mile road pricing earlier this month. We argued that the reported scheme design, making no mention of accommodations for rural drivers, would fail to take proper account of rural needs.[4]

- As ever, this briefing has been prepared in the immediate aftermath of the Budget and our reaction may evolve as further analysis becomes available in the coming days.

Family Farm Tax

- The Countryside Alliance asked:

  > *"1. Do not implement reforms to Agricultural Property Relief and Business Property Relief from inheritance as announced in the last Budget. Re-think the proposals and undertake genuine consultation with rural stakeholders on alternatives that fulfil the policy objective of preventing agricultural property from being as a tax shield without compromising the inter-generational sustainability of family farms."*

- The Chancellor of the Exchequer has not reversed course on the Family Farm Tax. Indeed, the Red Book confirms that the changes to Agricultural Property Relief and Business Property Relief announced last year will apply from 06 April 2026.

- She has, however, announced that the £1 million allowance for the 100% rate of agricultural property relief and business property relief will be transferable between spouses and civil partners. The extent to which this will ameliorate the damage threatened

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[1] The Guardian, UK could raise nearly £2bn by taxing SUVs in line with European countries, study shows, 16.09.25
[2] Countryside Alliance, Chancellor warned over vehicle weight tax, 30.09.25
[3] Countryside Alliance, The countryside holds it breath in run-up to Budget, 30.10.25
[4] Countryside Alliance, Road pricing back on the agenda?, 06.11.25

to family farms must be subject to detailed analysis, however it appears unlikely to affect the position of elderly farm owners whose spouses have already died.

- The Countryside Alliance called for deeper reform, because we believe the changes as announced are fundamentally incompatible with a thriving sector of family farms. While further analysis will inevitably reveal more, this change appears merely to tinker around the edges. We are deeply disappointed that the Chancellor has not listened to the voices of farmers and rural communities.

Rural proofing

- The Countryside Alliance asked:

  "2. Reintroduce rural proofing in fiscal policy decisions, requiring specific rural impacts to have been identified, assessed and accounted for before Treasury-led policies are implemented."

- The Budget made no specific commitments on rural proofing. This was not entirely surprising. The request was included because it reflects a broader campaign the Countryside Alliance has initiated that calls on the government to implement three key measures to improve its understanding of, and engagement with, the countryside:

  - The Rural Community Impact Assessment, by which new policies would be assessed as to their operability in rural contexts.
  - An annual State of the Countryside Report, compiling data-driven insights into the economic, social and environmental health of rural areas, with an accompanying annual parliamentary debate.
  - A Countryside Champion within government to co-ordinate the above activities, serve as liaison between rural communities and the government and advocate on their behalf.[5]

- Where Budget measures have drawn their sharpest criticisms from the rural sector, we believe these situations could have been avoided had the measures we propose been in place already. It seems difficult, for instance, to conceive of the Family Farm Tax having ever passed muster. We continue to urge the Chancellor and the government as a whole to consider them seriously.

Retail, hospitality and leisure

- The Countryside Alliance asked:

  "3. Maintain the plan announced in the 2024 Budget to introduce permanently lower business rates multipliers for high street retail, hospitality and leisure properties from 2026-27, designed in close consultation with businesses."

  "4. Help protect rural pubs by extending the alcohol duty rate cut announced in the 2024 Budget to non-draught alcoholic drinks."

- The Chancellor did confirm the plan for permanently lower business rates for the retail, hospitality and leisure (RHL) sector, announcing those rates as 5p below those paid by

[5] Countryside Alliance, Reconnecting with the Countryside

other sectors, making the small business RHL multiplier 38.2p and the standard RHL multiplier 43p in 2026-27.

- The Red Book maintains that this change will benefit over 750,000 RHL properties, and see small and standard RHL properties pay the lowest tax rate since 1990-91 and 2010-11 respectively. The Countryside Alliance welcomes this change.

- This change is to be paid for by introducing a higher rate on the roughly 1% of properties with a rateable value of £500,000 or more, which the Chancellor said would largely affect premises such as warehouses used by online retailers. The rate has been set at 2.8p above the standard multiplier, at 50.8p in 2026-27.

- While the transition is taking place, RHL businesses are set to benefit from a £1.3 billion expansion in the Supporting Small Businesses scheme, which will be expanded to businesses that were eligible for RHL relief.

- The Chancellor has declined, however, to cut alcohol duty rates for non-draft products and has instead announced that alcohol duty will be uprated with the RPI on 1 February 2026.

Betting duty

- The Countryside Alliance asked:

  "5. Do not raise the remote betting duty on horseracing to the same level as on gambling with online casinos; begin a process of reforming the Horserace Betting Levy in consultation with the sector."

- Contrary to earlier speculation the Chancellor has elected not to introduce a single tax on remote betting and gaming. Instead, she announced an increase in duties on remote gambling, but with different rates maintained for remote betting and remote gaming. Remote Gaming Duty will increase from 21% to 40% from 1 April 2026.

- A new Remote Betting Rate will be introduced at 25% from 1 April 2027 within General Betting Duty. Remote bets on horseracing will be excluded from these changes and remain taxed at 15%.

- The Countryside Alliance welcomes the Chancellor's decision not to introduce what would have been a major increase in taxation on the primary source of funding for the horseracing sector. We continue to call for sector-led reforms to the Horserace Betting Levy.

Heating fuel

- The Countryside Alliance asked:

  "6. Use powers returned to the UK following its departure from the EU to reduce the VAT rate on domestic heating oil to zero, in view of the reliance on the fuel in rural areas; cut the VAT rate payable by rural businesses that use it from the current non-domestic rate of 20%."

- The Chancellor announced the scrappage of the Energy Company Obligation and the funding by the central government of 75% of the domestic cost of the legacy Renewables

Obligation, the combined effect of which is expected to save households £150 per year in energy costs. Clearly this will be benefit rural households along with others.

- The Chancellor has not, however, reduced VAT rates payable on heating oil for either domestic or business customers.

Transport

- The Countryside Alliance asked:

> *"7. Recognising the requirement many rural dwellers face to take more, longer journeys by private transport than their urban counterparts, maintain fuel duty at current rates by making the 5p cut, first introduced in March 2022 ostensibly as a temporary measure, permanent.*
>
> *"8. Do not compromise farmers' access to reduced-duty red diesel.*
>
> *"9. As discussed in our previous letter, do not introduce a vehicle purchase tax levied at a higher rate for heavier vehicles, as such a policy would discriminate against vulnerable rural dwellers and businesses that rely on larger vehicles.*
>
> *"10. Assure rural communities that their need for longer journeys and greater reliance on private transport will be considered and reflected in any future proposal for a pay-per-mile road tax."*

- The 5p fuel duty cut has been extended until the end of August 2026 with rates then gradually returning to March 2022 levels by March 2027. The planned increase in line with inflation for 2026-27 has also been cancelled.

- While we are pleased that fuel duty will not see an immediate increase, the Countryside Alliance continues to maintain that the rate that has obtained since March 2022, despite having been described as temporary, is now the *de facto* rate of fuel duty and should be described as such. We encourage the Chancellor to abandon the planned future rate increase and retain it as it is now for the foreseeable future.

- The Chancellor announced a pay-per-mile duty on electric vehicles along the lines anticipated. This new Electric Vehicle Excise Duty (eVED) will involve drivers paying for their mileage on a per-mile basis alongside their existing Vehicle Excise Duty. Electric cars will pay half the equivalent fuel duty rate for petrol and diesel cars, and plug-in hybrid cars will pay a reduced rate equivalent to half of the electric car rate.

- A consultation has been published providing further detail on how eVED will work and seeks views on its implementation. The Countryside Alliance reacted to the speculated proposal, saying:

> *"For those in rural areas who can adopt an electric vehicle, a transition from fuel duty to road pricing presents an opportunity for a fairer system that takes proper account of rural needs. The trailed proposal does no such thing."*

- We shall therefore continue to make the case for the implementation of eVED to take full account of rural circumstances and needs.

- The Red Book makes no mention of changes to the regime for red diesel, nor of any plans to introduce a vehicle purchase tax levied according to vehicle weight. The Countryside Alliance welcomes these omissions.

Other Budget measures

- Several infrastructure and planning decisions carry major rural implications. The government is re-committing to ambitious planning reform, including fast-tracking decisions for major infrastructure, and investing £48m to boost planning capacity, including more planners and better environmental regulator performance. Faster approvals for rural infrastructure (roads, reservoirs, energy projects) are likely, though implications for land use, environmental protections and community input will require careful scrutiny.

- On connectivity, the Budget pushes further on gigabit broadband access. The government will be consulting shortly on giving leaseholders new rights to request gigabit connections and obliging freeholders not to block them unreasonably. While largely urban-focused, this is part of a broader commitment to remove barriers to rural gigabit rollout.

- The Budget also announces £29m reinvested from water company fines into river and coastal clean-up projects. This is relevant to rural catchments heavily impacted by agricultural and wastewater pollution, though details on geographic distribution are unclear.

- On farming and exports, the most rural-relevant provision is the new UK-EU Sanitary and Phytosanitary (SPS) Agreement, which is currently under negotiation and promises to reduce export costs and red tape for meat exporters, notably Scottish beef and Welsh lamb. This may ease post-Brexit friction and support livestock farmers.

- The Budget is also investing in land, energy and infrastructure projects that may affect rural areas indirectly: grid connection reforms for renewable energy projects; clean energy initiatives; and new funds for regional growth. However, support directly targeted at rural services—post offices, rural transport, community facilities—appears limited.

- We regret to say that overall the Budget has failed to offer any comprehensive vision for rural productivity, the rural economy or farming support.

For more information please contact:

James Legge
Director of Public Affairs
James-Legge@countryside-alliance.org

David M Bean
Parliament & Government Relations Manager
David-Bean@countryside-alliance.org