



KING ETHELRED'S COLLEGE OF ENGINEERING

Established in 978 (ish)

DEPARTMENT OF AGRICULTURAL ENGINEERING,
DRAINAGE AND APPLIED WEATHER

MINUS NOUGHT POINT ONE PER CENT: A FEASIBILITY STUDY OF THE FAMILY FARM AS A SAVINGS ACCOUNT

With a register of taxes on things, from the Danegeld to the pasty, and a comparison the Bursar was asked to make and has asked the College to forget



A departmental feasibility study prepared under the College Fellowship Ordinance
(Assets, Returns and the Difference) 991

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*Fortitudine.
Ingenio.
Tea and biscuits.*



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ABSTRACT

On 14 September 2026 a former Prime Minister, a former Home Secretary and a former president of the National Farmers' Union stood on a stage in Westminster and agreed about something, which the College regards as an event in itself. The something was the inheritance tax on farms and family businesses that came into force on 6 April 2026, described from the stage as 'stupid', 'a mistake' and 'not a manifesto commitment', and by the government as a fairer use of money that could fund public services.[1,2,3] The College holds a view, which is that the tax is unfair, and has been asked to test its own view with the same apparatus it would use on anybody else's.

The paper first establishes what the rule now is, which is not what it was, since the allowance was raised from £1 million to £2.5 million a person on 23 December 2025 and the tax lost two fifths of its yield before it began.[3,4] It then treats the farm as an engineer treats any apparatus, by measuring what goes in and what comes out. Defra's own balance sheet for 2024/25 gives the median English farm a return on capital of minus 0.1 per cent; half of all farms return less than nothing, and seventy-eight in a hundred return less than the 2.5 per cent at which a building society would begin to look embarrassed.[8] The Bursar, asked to compare the farm with a deposit account, has done so in Chapter 4 and would like it noted that he was asked.

The Department finds that the tax is levied on the one class of asset in the country whose own income cannot pay it; that after December it falls chiefly on the unmarried, the widowed, the recently bereaved and the arable, in that order; that the government's fairness case is true, in that seven per cent of the claims took forty per cent of the old relief, and is therefore an argument for taxing the investor who owns farmland rather than the farmer who works it; that a farmer should be taxed on the means the farm provides and not on a price that can only be had by ceasing to farm, which a charge at sale instead of at death would achieve and which the law already does for a wood; that the yield would run the National Health Service until about eleven in the morning; and that, on the College's register of taxes on things since 991, a tax on a thing has usually ended with the thing altered, the tax repealed, or both, and the Danes back.

Research status. This is a fictional King Ethelred's College feasibility study. The rule and its amendments, HM Treasury's and HMRC's figures, Defra's Farm Business Survey results, Bank Rate, the farmland index, the speeches of 14 September 2026 as reported, the historical taxes in Chapter 8 and the arithmetic in Appendix A are real and referenced. The Department, its Fellow, the Bursar, the College's hides, its expenditure, its register and its sister institution are not. Public figures are quoted from their public statements; no private farmer or family is named or described. The College's opinion is declared in Section 1.3 and tested in the chapters that follow, and where it failed the test the paper says so.

Keywords: inheritance tax; agricultural property relief; business property relief; £2.5 million; return on capital employed; Farm Business Income; Bank Rate; the Danegeld; hearths; windows; bricks; hair powder; ship money; the pasty; the tractor; the Bursar; a deposit account with a view.

ACKNOWLEDGEMENTS

The author thanks the Bursar, who chairs the Department of Applied Economics, Creative Accountancy and the Bursar's Nerves, for the comparison in Chapter 4, which he made in eleven minutes and has spent the rest of the month qualifying. His position, recorded here at his request, is that the College's own forty hides at Upper Piddlington return rather less than minus 0.1 per cent, that the College has never once considered selling them, and that he does not see why a farmer should be expected to think more clearly about a field than the College does.

The Department of Landscape Archaeology supplied the College's assessment for the Danegeld of 991, which it holds in a copy made in 1911 from a copy made in 1608 from an original nobody has seen. It shows the College assessed at forty hides and paying under protest, which the Department regards as the beginning of agricultural policy in England and the College's first recorded objection to it.

The Department of Defensive Engineering, which finished a paper on submarines the day this one began, observed that the yield of the tax is half a submarine and asked whether the Treasury knew. The author has asked the Bursar, who said the Treasury always knows and it is never the point.

Mrs Enid Partridge of the Senior Common Room, told that the average farm in England was worth two and a half million pounds, asked why the farmers she knew drove such old cars. The Department has answered her in Chapter 3 and believes it is the whole paper.

Gerald was asked for the Department's file on the 1795 duty on hair powder. He has brought a wig, which is not the College's, and a receipt for one guinea, which may be. Both have been returned to the Library of Useful Numbers, where the wig has been catalogued under Apparatus.

Statement on impartiality. The College holds the view stated in Section 1.3 and has tried to hold it honestly. The government's case is set out in Chapter 6 in its own words and tested with the same instruments as the College's. The humour is directed at taxes, Treasuries, the Bursar, the Department and the College's own opinions, and at nobody who has buried a parent and then opened a brown envelope.

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NOMENCLATURE

Symbol	Meaning
Agricultural property relief	The inheritance-tax relief on farmland, farm buildings and the farmhouse; 100 per cent of the value until April 2026, and now 100 per cent of the first £2.5 million a person and half of the rest
Business property relief	The equivalent relief on a trading business and its assets; shares the same £2.5 million allowance, so a farm with a business behind it does not get two
The allowance	The £2.5 million a person at which the relief stays whole; transferable to a surviving spouse or civil partner, so £5 million for a couple; £1 million from October 2024 to December 2025
Effective rate	Twenty per cent: the ordinary 40 per cent inheritance tax on the half of the excess that is not relieved
Nil-rate band	The £325,000 of any estate on which no inheritance tax is paid, plus £175,000 for a home left to descendants; both frozen until 2030 and both counted before the allowance is reached
Instalments	Ten equal annual payments, interest-free where the assets qualified for the relief; the first six months after the end of the month of death
Farm business income	Defra's headline measure: what the farm earned for its unpaid family labour and its capital in the year, before anybody was paid for either
Return on capital employed	Farm business income less the imputed cost of the unpaid labour, divided by total assets less short-term debt; land is in the denominator, which is the point
Net worth	Total assets less all liabilities; £2,488,800 for the mean English farm in 2024/25, which the reader will notice is a familiar number
Bank rate	The Bank of England's rate, 3.75 per cent on 17 September 2026, held for the sixth meeting running; a building society was paying 4.6 per cent the same day
Hide	The Anglo-Saxon unit of land assessment, notionally enough to support one family; the unit in which the Danegeld was levied and the College was first taxed
Danegeld	The tribute paid to Danish fleets under King Æthelred from 991, assessed by the hide; the first English tax on land and, in the College's view, the first English tax on a thing
Register of taxes on things	The College's list, Chapter 8, of taxes levied on a countable object rather than on income, and what happened to the object, the tax and the public order
The savings account	The Bursar's comparator: the same money in a deposit account at Bank Rate, which is what the College means when it says the farm returns less than the bank
The farmer	Owns the land, works it and lives on what it pays, which on Defra's figures is not much; in this paper usually the single owner of an ordinary family arable farm of three hundred acres or so, since a smallholding is under the allowance
The investor	Owns farmland and does not farm it, holding it as a store of wealth or for the relief; the Centre for the Analysis of Taxation's passive investor, and the person the government says it is aiming at. The farmer owns land too; the difference is the work
The Bursar	Chair of Applied Economics; action owner for anything with a price on it; asked to make one comparison and made it

1 INTRODUCTION

1.1 Westminster, 14 September

The Countryside Alliance launched a campaign in Westminster on Monday 14 September 2026 under a banner reading 'It's time for a rural reset', with a list of twenty-seven government policies it says have harmed the countryside since 2024, and four speakers: Lord Herbert, who chairs it; Lord Blunkett, who was Home Secretary; Baroness Batters, who ran the National Farmers' Union; and Lord Cameron, who was Prime Minister and represented one of the most rural seats in England for fifteen years.[1,2] The first item on the list was the inheritance tax on farms and family businesses, called by everyone on the stage the family farm tax and by the government a reform of agricultural and business property relief.

Lord Cameron's speech, which the Department has from the Alliance's recording, made the College's own argument in three sentences: 'Most farms don't make a profit. The asset is the farm. The asset is the land and the buildings.' He called the tax 'a stupid thing to do', said there is no national security without food security, and asked the room to be 'a little bit' angry about it.[1] Lord Blunkett, from the other party, called it 'a mistake made in the Treasury, but presented by my own party'. Baroness Batters said the money would fund the NHS for 'less than a week'.[1] A government spokesman said the launch was 'the start of a new conversation with farmers and rural communities'.[1] The College, which has been having that conversation since 991, has been asked what it thinks.

1.2 The College's standing

The College was founded in 978, ish, and was therefore thirteen years old when the first English tax on land was levied. In 991, after the battle of Maldon, King Æthelred agreed to pay a Danish fleet £10,000 to go away, and raised it by assessment on the hide, the unit of land reckoned to feed one family.[23] The College was assessed at forty hides. The Danes came back in 994 for £16,000, in 1002 for £24,000, in 1007 for £36,000 and in 1012 for £48,000, at which point the King made the levy annual and called it the heregeld, and it ran until Edward the Confessor abolished it in 1051.[23,24] Kipling's summary, that once you have paid him the Danegeld you never get rid of the Dane, is the first entry in the College's register of taxes on things, and the Department of Agricultural Engineering was founded on the day the assessor arrived.[25]

The Department has taught soil mechanics, drainage and the cost of rain ever since, and has held the same view of every land tax since the first, which is that a field is not a purse. It records that view here because a paper that tests other people's opinions should declare its own.



Figure 1.1: King Æthelred settling the Danegeld of 991 by cheque. The College's forty hides object in the background, having seen this before.

1.3 What the College believes

The College's view, put to the Department before the paper began, has four parts: that the tax on farms and small businesses is fundamentally unfair; that it hits the poorest; that very few farmers make much money from farming, so that a wise person would put the money in the bank and live on the interest; and that the present government is being unfair in applying it. The Department has tested each with the instruments in Chapters 2 to 7, and reports in Chapter 10 that the first, third and fourth survive, and the second survives only after it has been rebuilt. The tax does not hit the poorest in the country. It bites only on estates above £2.5 million, and a person with £2.5 million is not poor. What it hits is the lowest income on the largest asset in the country, which is a different thing, and a stranger one, and the College's rebuilt claim is that a wealth tax on people with no income from the wealth is the kind of thing only a Treasury could design.

The College's position is stated here once and plainly, so that nobody need infer it from a chart. A farmer whose land is worth £3.5 million and whose farm pays £49,700 a year has the means of somebody on £49,700. Such a farmer should not be taxed as though they had £3.5 million, because they have not got it, and cannot get it without ceasing to farm. The rest of this paper is the working.

1.4 Scope and method

This is a feasibility study, which is what the College calls a paper that asks whether a thing can be done and then whether it should. Chapter 2 states the rule as it now is. Chapter 3 measures the apparatus, which is the farm, using Defra's Farm Business Survey for 2024/25, the most recent complete year.[8,10] Chapter 4 is the Bursar's comparison with a bank. Chapter 5 works out who pays. Chapter 6 gives the government's case in its own words and tests it. Chapter 7 says what the money buys. Chapter 8 is the register of taxes on things. Chapter 9 turns to the pub. Chapter 10 tests the claims, including the College's, and Chapter 11 concludes. Sterling is sterling throughout, for once. The Bursar's card is Appendix B and agrees with the conclusions, which he has checked twice.

2 THE RULE AS IT STANDS

2.1 What the relief was

Until 6 April 2026 an estate paid no inheritance tax on farmland, farm buildings and the farmhouse, and none on a trading business, however much they were worth. The reliefs date from 1984 and 1976 and were meant to let a working farm or firm pass to the next generation without being sold to pay the tax on it.[4,5] They also meant that a person with a great deal of money and a short life expectancy could buy a farm, die, and pass it on untaxed, and the Institute for Fiscal Studies and others had said for years that this was pushing up the price of land and pulling in buyers who did not farm.[16] The government's own figures for 2021/22 said that the top seven per cent of claims, 117 of them, took forty per cent of the relief.[3] The Department records these facts first because a paper that objects to a tax should know why it was proposed.

2.2 What it is now

The Budget of 30 October 2024 announced that from April 2026 the first £1 million of combined agricultural and business property would keep full relief, that the rest would get half, so that it paid the ordinary 40 per cent on half its value, an effective rate of 20 per cent, and that the tax could be paid over ten years without interest.[5] HMRC estimated that about 500 estates a year with a farm in them would pay more, and the Office for Budget Responsibility put the yield at £520 million in 2029/30.[4] The Budget of 26 November 2025 made the £1 million transferable between spouses and civil partners, which brought it into line with the nil-rate band and gave a couple £2 million.[6] On 23 December 2025, three months before the tax began, the government raised the allowance to £2.5 million a person, transferable, so that a couple has £5 million before the nil-rate bands are counted; HMRC now expects up to 185 estates with an agricultural claim to pay more in 2026/27, about 1,100 estates in all once businesses are counted, and a yield of £300 million in 2029/30.[3,4,7] Figure 2.1 shows the rule at each announcement.

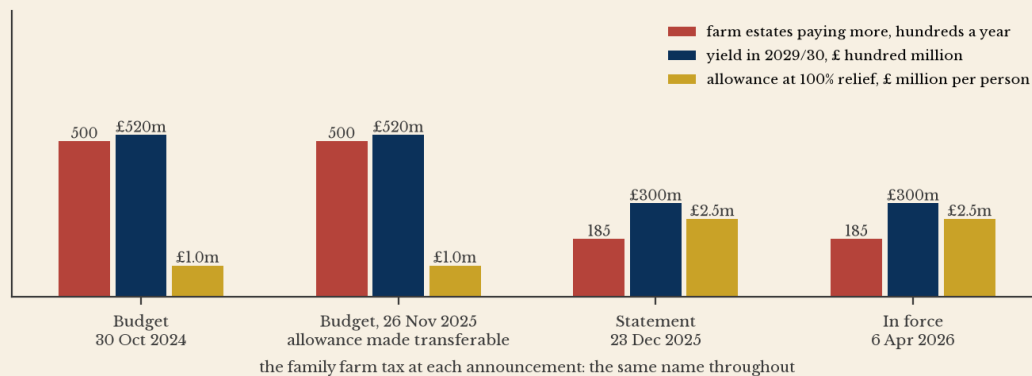


Figure 2.1: The family farm tax at each of its four announcements: farm estates expected to pay more, the yield forecast for 2029/30, and the allowance at full relief. Sources: HM Treasury and HMRC via the Commons Library.[3,4]

2.3 A policy that kept its name

The Department notes three things about Figure 2.1. First, the rule that came into force is not the rule that was announced, and a paper that argued with the October 2024 version would be arguing with a ghost. Second, the number of farm estates expected to pay fell by nearly two thirds and the yield by two fifths before a penny was collected, which is the fastest a tax on a thing has shrunk in the College's register since the pasty (Chapter 8). Third, everybody kept calling it the family farm tax, including, on 14 September, three people who knew perfectly well that it had changed.[1] The NFU's president had called the December change 'a huge relief to many', and the Country Land and Business Association's an 'enormous relief to thousands of family farms'.[7] The relief was real. The name survived it. The Department's business is the rule as it stands, and what follows is about that rule.

Finding. The rule is: the first £2.5 million a person of farm and business property at full relief, the rest at half, 20 per cent effective, ten interest-free instalments; £5 million for a couple. About 185 farm estates a year, £300 million by 2029/30. The College argues with this, not with October 2024.

3 THE MACHINE

3.1 A farm as apparatus

An engineer asked whether a machine is worth keeping measures what goes in and what comes out. What goes into a farm is capital, nearly all of it land, and the unpaid labour of the family. What comes out is Farm Business Income, which is Defra's name for what is left at the end of the year to pay the family for its labour and its capital, before it has paid itself for either.[10] Defra then does the engineer's sum: it deducts what the family's labour would have cost if it had been hired, divides what is left by the assets less short-term debt, and calls the answer the return on capital employed.[9] Land is in the denominator. That is the whole difficulty. Table 3.1 gives the incomes and Figure 3.1 the returns.

3.2 Income by type

Farm type	Farm business income, 2024/25	Mean net worth	Median return on capital	Income as a share of net worth
Cereals	£49,700	£3,752,900	-0.2%	1.3%
General cropping	£107,700	£3,573,500	1.3%	3.0%
Dairy	£153,800	£2,442,400	1.7%	6.3%
Lowland grazing livestock	£41,300	£1,525,700	-0.7%	2.7%
LFA grazing livestock (hill)	£40,300	£1,181,300	-0.9%	3.4%
Specialist pigs and poultry	£126,700 and £235,900	£2,417,800	3.7%	7.5%
Mixed	£58,000	£2,812,700	-0.4%	2.1%
Horticulture	£52,700	£914,100	-3.5%	5.8%
All farms	£71,200	£2,488,800	-0.1%	2.9%

Table 3.1: Farm business income, mean net worth and median return on capital by farm type, England 2024/25. Income is before the family is paid for its labour; the last column is the Department's division. Pigs and poultry are combined for net worth and return; the mean net worth for the combined group is used. Source: Defra Farm Business Survey.[8,10]

Table 3.1 answers Mrs Partridge. The average farm is worth two and a half million pounds and pays its family £71,200 a year for running it, before any of them is paid for the work. A cereals farm worth £3.75 million paid £49,700, which is 1.3 per cent of the asset, and that in a year Defra's own forecast for 2025/26 expects to have been better than the next.[11] The cars are old because the money is in the field, where it cannot be spent, and where, from April, it can be taxed.

3.3 What it returns

Figure 3.1 is Defra's balance sheet for 2024/25, a good year for dairy and a poor one for cereals.[8,10] The median farm returned minus 0.1 per cent on its capital. Fifty-one per cent of farms returned less than nothing once the family had been notionally paid for its own work; a further 27 per cent returned something under 2.5 per cent; six per cent returned ten or more, and those were mostly pigs and poultry, which do not need much land and are therefore, on this measure, hardly farms at all.[8] By farm type the medians run from minus 3.5 per cent for horticulture and minus 0.9 for hill farms to 1.7 per cent for dairy and 3.7 for pigs and poultry.[8] Bank Rate is 3.75 per cent and a building society in Stafford pays 4.6 on an account one could empty on Tuesday.[12,13] Seven farms in eight, on Defra's arithmetic, return less than the bank, and every farm on the chart carries the risk of the weather, which a deposit account does not.

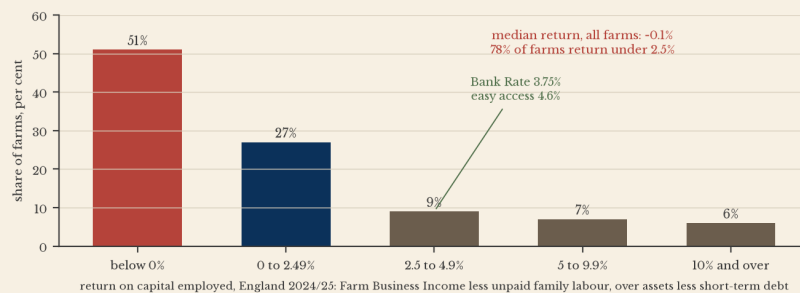


Figure 3.1: Distribution of English farms by return on capital employed, 2024/25, with Bank Rate and an easy-access building society account marked for scale. Source: Defra, Balance sheet analysis and farming performance, England 2024/25.[8,12,13]

3.4 The average farm sits on the line

The Department did not choose the threshold and did not choose Defra's mean, and records without comment that one is £2,500,000 and the other is £2,488,800.[3,8] The average English farm, held by one person, is eleven thousand pounds short of paying the tax, which is about two months of its income in a good year, or a modest rise in the price of land. About 24 per cent of farms, nearly twelve thousand businesses, are worth three million or more, and it is among those, held singly, that the 185 a year will be found.[9] The Department will say who they are in Chapter 5. First the Bursar.

3.5 The tractor



Figure 3.2: The tractor at the gate of the field at Upper Piddlington, the For Sale board beside it, being read by a sheep with evident concern.

The land is not the only capital, and the Department, which teaches soil mechanics from the seat of one, records the tractor. The average new tractor registered in Britain in 2025 was 173 horsepower, down from just under 180 the year before, and a machine of that size is a six-figure purchase: dealers put a mid-range tractor at £50,000 to £150,000 before VAT, and the trade

press notes list prices near £200,000 at the top of the range.[35,36] A combine is several tractors. A cereals farm of the size in Appendix A runs a tractor or two, a combine, a sprayer and a drill, and the £600,000 the Department allowed for buildings, machinery and stock is not generous. That money does two things to the balance sheet at once. If the machine is owned, it is business property, qualifies for the relief, and counts toward the same £2.5 million as the land, so that a farm buys a tractor and moves £150,000 closer to the line.[37] If it is leased or on hire purchase, it does not count, and instead takes its instalment out of the income in Table 3.1 every year, before the family, and before the Treasury's.

The engineering point is that a tractor depreciates and a field does not: the machine is the only part of the farm's capital that behaves like capital anywhere else, wearing out and earning its keep, and it is the part the family can least do without. A farm that sells a field to pay the tax farms less land with the same tractor; a farm that sells the tractor farms the same land with nothing. The Department has found no rule that tells the two apart, and the sheep in Figure 3.2 has read the board.

Finding. On Defra's measure the median English farm returns minus 0.1 per cent on its capital, and seven in eight return less than a bank. The average farm is worth £2,488,800 and the allowance is £2,500,000. The tax is levied on an asset whose own income cannot service it; that is not a slogan, it is the balance sheet. The tractor counts toward the line if it is owned and eats the income if it is not.

4 THE SAVINGS ACCOUNT

4.1 The Bursar's comparison

The College's third belief is that a wise person would not go into farming but would put the money in the bank and live on the interest. The Bursar was asked to test it with the farm the Department uses in Appendix A: 350 acres of arable at Knight Frank's Q2 2026 average of £8,497 an acre, plus £600,000 of buildings, machinery and stock, £3,573,950 in all, which is a little under Defra's mean for a cereals farm.[8,14] Table 4.1 is his answer.



Figure 4.1: The Bursar makes the comparison with the abacus the College bought in 1976 and a bale he was not expecting.

What the £3,573,950 is doing	Rate	Income a year	Weather risk	Inheritance tax on a single death
Farming cereals, Defra 2024/25 mean income	1.4%	£49,700 before the family is paid	All of it	£214,790
Farming cereals, Defra's median return on capital	-0.2%	-£7,100 after the family is paid	All of it	£214,790
On deposit at Bank Rate	3.75%	£134,000	None	£1,429,580
Easy access, a Stafford building society	4.6%	£164,400	None	£1,429,580
Gilts, ten-year, roughly	4.5%	£160,800	None	£1,429,580

Table 4.1: The Bursar's comparison. The same money farmed and banked; income is before tax; the tax column is the bill on the death of a single owner with no other reliefs, which for cash is 40 per cent of everything above the nil-rate band. Sources: Defra, Bank of England, Moneyfacts; gilt yield rounded.[8,10,12,13]

The Bursar's first finding is the one the College expected: the bank pays roughly three times what the farm does, with no weather, no diesel and no forms. His second finding is the one the College had not thought about, and he made it with some satisfaction. The bank's money is taxed at 40 per cent on death above £325,000. The farm, even after April, pays 20 per cent on the excess above £2.5 million and nothing below it, and pays it over ten years without interest. The estate in Table 4.1 pays £214,790 as a farm and £1,429,580 as a bank balance.[3,5] The tax on the farm is a sixth of the tax on the same money in cash. The relief, in other words, is still enormous; it is simply no longer total. The Bursar asks the College to hold both findings at once, which he says is what a Bursar is for.

4.2 What we eat

The Bursar's third finding is that the comparison is an engineering answer to the wrong question. A farm sold to buy gilts produces gilts, and the country has to eat. The reason the return is low is that land is priced for what it will be worth and for what it will save in tax, not for what it will grow; the reason the tax is on the land is that the land is where the value is; and the reason the farmer cannot pay from income is that there is not any. The optimal farm, on Table 4.1 alone, is a deposit account with a view. The Bursar declines to recommend it, on the grounds that the College's own forty hides return less than the table's worst row and he has never once been asked to sell them, and on the further ground that he likes his lunch.

Finding. The bank pays three times the farm and the College's belief is confirmed. But the same money in the bank pays six times the inheritance tax the farm now does. The relief was not abolished; it was capped. The paper's objection must therefore be to where the cap falls and on whom, and that is Chapter 5.

5 WHO PAYS

5.1 The worked farm

Take the farm in Table 4.1 and let its owner die. If the owner was one person, the relivable assets exceed the allowance by £1,073,950; half of that is chargeable; 40 per cent of the half is £214,790; and the estate pays £21,479 a year for ten years out of a farm income of £49,700, which is 43 per cent of everything the family had to live on, for a decade, in a good year.[3,8,10] Under the October 2024 rule the instalment would have been £51,479, which is 104 per cent of the income, and the Department can see why there were tractors in Whitehall.[18] If the owner was one of a married couple with the wills in order, the allowance is £5 million and the estate pays nothing at all.[3] The sums are in Appendix A.

5.2 Marital status and timing

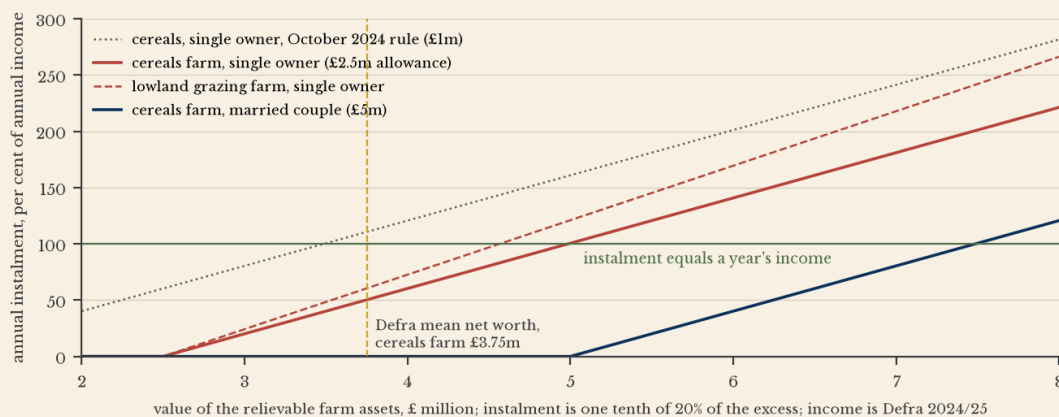


Figure 5.1: The annual instalment as a share of the farm's annual income, by the value of the relivable assets, for a cereals farm and a lowland grazing farm held by one person and a cereals farm held by a couple, with the October 2024 rule dotted for comparison. Incomes are Defra's 2024/25 means. Source: Appendix A.

Figure 5.1 is the paper's central chart and it says something the stage in Westminster did not. The line that matters is not the value of the farm but who owned it and when they died. A single owner of a cereals farm pays the whole of the farm's income to the Treasury every year for ten years once the farm is worth about £5 million; a couple, not until £7.5 million; a widow who inherited the whole farm from a husband who died in 2019, before anyone had heard of the allowance, has one allowance and pays as a single owner, unless his unused share can be claimed, which after December it can, if the paperwork survives.[6] A farmer who gives the farm to a child and lives seven years pays nothing. A farmer who gives it and dies in year three pays most of it. A farmer of eighty-five in October 2024 was given eighteen months' notice to do something the rule had told him for forty years he need not do, and the Department has not found a transitional provision for him.[4,7]

The Department therefore rebuilds the College's second claim. The tax does not hit the poorest. It hits, in order: the unmarried, the widowed, the recently bereaved, the elderly who did not gift in time, and the arable, whose land is dearest and whose income is lowest. It is a tax on marital status and timing, levied at a rate set by the price of land, on a return set by the weather.

The Department is careful about the word small. A smallholding is safe: Defra's average hill farm is worth £1.2 million and its average lowland grazing farm £1.5 million, both well under the allowance.[8] The farm that is caught is an ordinary family arable farm of three hundred acres or so in one name, which is small in everything but the price of its land, and whose owner is small in everything but the valuation.

5.3 The seventy

The Centre for the Analysis of Taxation, which is not the College and has a better computer, modelled the estates that would pay under the rule as first announced. It found that 86 per cent of the farm estates affected could pay the whole bill from assets that were not the farm, and that about seventy a year could not; that four fifths of the extra tax came from estates over £5 million and more than half from estates over £10 million; and that nearly half came from estates whose owner had earned over £100,000 a year.[15] Those figures were for the £1 million rule; at £2.5 million the seventy are fewer and the concentration higher. The Department does not know how many of the seventy remain, because HMRC's 185 is a forecast, and neither does anybody else.[3] What it does know is that the seventy are, by construction, the estates that are nothing but a farm, which is to say the working farms, which is to say the ones the relief was invented for in 1984.[4] A tax that spares 86 per cent of the people it was aimed at and lands on the fourteen per cent it was meant to protect is not unfair because it is large. It is unfair because it is upside down.

Finding. After December the tax falls on the unmarried, the widowed, the recently bereaved, the elderly who did not gift in time and the arable, in that order. Most estates it touches can pay from other assets; the ones that cannot are the working farms. The College's claim that it hits the poorest is withdrawn and replaced with: it hits the wrong people, precisely. A farmer should be taxed on the means the farm provides, not on a price that can only be had by ceasing to farm.

6 THE GOVERNMENT'S CASE, TESTED

The runbook under which the College writes requires that both sides get the same apparatus. The government's case, from its statement of 23 December 2025 and the Budget documents, is four claims, and the Department has supplied a fifth, because it is the best one and nobody has made it.[3,5] The Department has tested each with the instruments of Chapters 3 to 5.

Claim one: the relief was going to the wrong people. 'The top 7% (117 claims) account for 40% of the total value' of agricultural relief in 2021/22.[3] True, and the College accepts it. A relief of 100 per cent on any sum is an invitation, and it was accepted by people who wanted a farm the way other people want a pension. The Institute for Fiscal Studies had said as much for years, and so had the price of land, which rose while the return on it fell to Figure 3.1.[16] The Department's finding is that this is an argument for taxing the investor rather than the farmer, which the rule does not do: it taxes by value, and the investor and the farmer at £6 million pay the same. Both own the land. What separates them is that one works it and lives on what it pays and the other does not, and the rule does not ask.

Claim two: the majority are unaffected. '85% of all estates' claiming the relief 'are forecast to not pay any more'.[3] True on HMRC's forecast, and beside the point, for the reason in Section 5.3: the fifteen per cent are not a random sample. They are the estates that are mostly farm. A tax that misses most of its targets is not thereby gentle to the ones it hits.

Claim three: it can be paid. Half relief, an effective rate of 20 per cent, ten years, no interest.[3] True, and the Bursar has shown in Table 4.1 that it is a sixth of what cash pays. The Department's test is Figure 5.1: whether the instalment can be paid from the income of the thing taxed. For a single owner of an average cereals farm, the answer is yes, at 43 per cent of the family's income for ten years; at £5 million the answer is all of it; above that the answer is a field, and once the field is sold the income falls and the next death is nearer. The government has not published a calculation of this kind and the Department would like to see one.

Claim four: the money could better fund public services. The statement says the old relief cost £219 million a year and 'this money could better be used to fund public services'.[3] The yield is now £300 million in 2029/30.[4] Chapter 7 says what that is. The Department's finding is that the claim is true of any sum and is not, on its own, a reason for this one.

Claim five, made on the government's behalf: an heir to £3.5 million is not poor. Somebody who inherits a house worth that much pays 40 per cent whatever their income, and nobody drives a tractor down Whitehall for them. True, and the Department will not pretend otherwise. The answer is in Chapter 4. A house can be sold and the family still has a trade; a farm sold is a farm ended, and part of its price is the old relief capitalised, which is the government's own argument in claim one. The heir who does sell has the money and no excuse, and the recommendation in Chapter 11 taxes that heir in full.

Finding. The government's case is true in every particular and wrong in its conclusion. A relief that went to the wrong people is an argument for a rule that tells the right people from the wrong ones. The rule does not; it tells a £6 million farm from a £2 million one, which is a different question. Both sides have now had the same apparatus.

7 WHAT IT BUYS

Baroness Batters said the money would fund the NHS for 'less than a week'.^[1] The Department has done the division and finds her generous. NHS expenditure in 2024/25 was £242 billion, which is £27.6 million an hour.^[19] The £300 million the tax is to raise in 2029/30 runs the service for ten hours and fifty-two minutes: from midnight on 1 April until eight minutes before eleven the same morning, at which point the farmers' contribution is spent and the NHS carries on as it would have anyway.^[4,19] The Ministry of Defence, whose budget is £65.1 billion, would take a day and sixteen hours over it; the College, on the Bursar's figure of £3.2 million a year, ninety-four years.^[20] The Department of Defensive Engineering points out that £300 million is, at the price in the budget bill it examined last week, half of one conventional submarine, and asks the Treasury to specify which half.^[22]

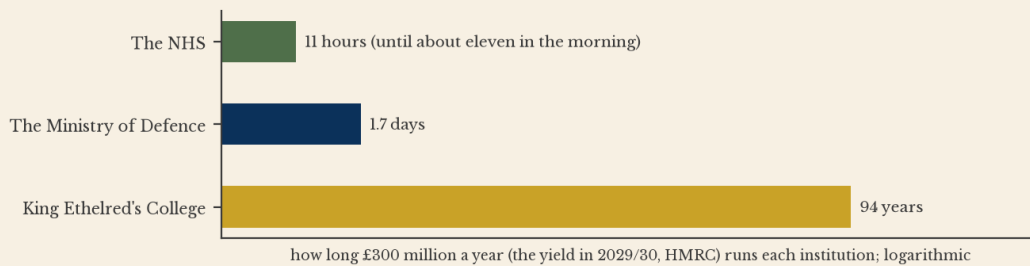


Figure 7.1: How long £300 million a year runs three institutions, on a logarithmic scale so that they fit on one chart. The College's expenditure is the Bursar's figure and is fiction; the other two are not.^[4,19,20]

The Department does not argue that £300 million is nothing. It is a great deal of money and the College would take it. It argues that the sum is small enough that the design of the tax, and not its yield, is the only thing the tax is for; and that a tax whose purpose is its design should have a good one.

Finding. The yield runs the NHS until eight minutes to eleven in the morning, once a year. 'Less than a week' was an understatement of about fifteen times. The Department has written to Baroness Batters to say so, in a spirit of support.

8 THE REGISTER OF TAXES ON THINGS

8.1 The method

The College distinguishes a tax on income, which takes a share of what came out of the machine, from a tax on a thing, which counts the machine. A tax on a thing has three properties an engineer would predict. The thing can be altered, since anything countable can be made fewer or larger or hidden; the tax can be repealed, since a thing has a constituency and an income does not; and somebody may riot, since a thing is visible from the road. The College has kept a register since 991 and scores each entry on the three. Table 8.1 gives the ten entries the Department considers instructive, ending with the present one.

8.2 The entries

Tax	Years	Levied on	What the thing did	What the tax did	Riot
Danegeld and heregeld	991 to 1051	Land, by the hide	Stayed put; the Danes came back five times, at £10,000, £16,000, £24,000, £36,000 and £48,000	Made annual in 1012; abolished 1051	Continuous, in longships
Ship money	1634 to 1641	Counties, for a navy	Refused; under a fifth collected by 1639	Hampden lost seven to five; abolished 1641; a war followed	Yes, for nine years
Hearth tax	1662 to 1689	Chimneys, 2s a year	Blocked up; doubled when found	Abolished as 'a badge of slavery upon the whole people'	Chimney-men assaulted
Window tax	1696 to 1851	Windows over ten, then seven	Bricked up, some of them; the rest are architecture	Lasted 155 years; repealed as a tax on light and air	No; too dark to organise
Stamp Act	1765 to 1766	Paper in the colonies	Refused	Repealed in a year; the colonies went anyway	Yes, famously
Brick tax	1784 to 1850	Bricks, per thousand	Grew, to 9½ inches, until 1801 capped them at 10 by 5 by 3 and doubled the rate above	Repealed; timber and tiles meanwhile	No
Hair powder duty	1795 to 1869	Powdered heads, a guinea	The wig went out within a decade	Yield fell to £1,000 a year; repealed	No; the Whigs jeered
Community charge	1990 to 1993	Heads	Vanished from the register	Replaced by council tax	Trafalgar Square, 31 March 1990
Pasty tax	March to May 2012	Warm pies, VAT	Cooled	Withdrawn in nine weeks	Half a million signatures
Family farm tax	2024 to date	Land, above £2.5m	Prices down 4.1%; gifts up; wills rewritten	Yield down 42% before it began; name intact	Tractors, Whitehall, 19 Nov 2024

Table 8.1: The College's register of taxes on things, ten instructive entries. Sources: standard references for each tax; the last row from Chapters 2 and 5.[14,18,23,26,27,28,29,30,31,32,33]

8.3 What the register says

Three regularities. First, the thing is always altered. Chimneys were blocked, windows bricked, bricks enlarged until the Treasury of 1801 was reduced to legislating the dimensions of a brick, wigs abandoned, pies allowed to cool. Land cannot be bricked up, but it can be gifted, put in a partnership, insured against, and sold to somebody who does not farm it, and the Knight Frank index shows the price already moving.[14] The Department expects the family farm tax to be avoided by exactly the people the government said the old relief was attracting, and paid by the ones who did not get a solicitor in time. Second, the yield always disappoints, and this one disappointed before it began. Third, the tax on a thing is nearly always repealed, and the average life of the entries in Table 8.1 that have ended is forty-nine years, or nine weeks if one starts counting at the pasty.

The Department records one further fact in fairness. Of the four speakers on 14 September, one was Prime Minister in March 2012 when the pasty tax was proposed, and in May 2012 when it was withdrawn.[30] The Department regards this as a qualification rather than a disqualification. He has watched a tax on a thing removed in nine weeks by half a million people who liked the thing, and he was telling the room how it is done.

Finding. On the College's register a tax on a thing ends with the thing altered, the tax repealed, or both. The family farm tax has altered its thing and lost two fifths of its yield already, and is eighteen months old. The Danes, in the College's experience, are the only party to a land tax who ever came out ahead.

9 THE SMALL BUSINESS AND THE PUB

The same allowance covers business property relief, and HMRC's 1,100 estates a year are mostly not farms but firms: the family builder, the haulier, the engineering shop with a shed full of machines nobody wants to sell.[4] The Department's apparatus works on them without alteration. A business worth £4 million to a single owner pays £30,000 a year for ten years, and pays it out of the business, since that is where the money is. If the business makes ten per cent on its capital, which most farms would call witchcraft, the instalment is a thirteenth of the profit and survivable; if it makes what a cereals farm makes, 1.3 per cent, that is £52,000 against a bill of £30,000, and the instalment is the business.

Lord Cameron said that pubs in England are closing at two a day.[1] The Department tested it. The British Beer and Pub Association counted 161 closures in the first quarter of 2026, which is 1.8 a day, up 26 per cent on the same quarter of 2025, and the claim passes.[21] The pub is a small business with a large building, a low margin and, since 6 April 2025, an employer's National Insurance rate of 15 per cent on everything above £5,000 a year per employee, where it had been 13.8 per cent above £9,100.[34] It is also, in the College's experience, the place where the countryside decides what it thinks, and the Department notes without further comment that the last two taxes on a thing to be repealed in this country were both repealed after the matter was discussed in one.

Finding. The business relief is capped by the same rule and hits the same way: by value, not by return, on a single death. Two pubs a day is true, to the nearest fifth of a pub.

10 THE CLAIMS, TESTED

Every claim the Department met on the way, including the College's own, tested with the instruments above.

Claim	Who	Test	Result
'Most farms don't make a profit. The asset is the farm.'	Lord Cameron, 14 Sept 2026	Defra 2024/25: median return on capital -0.1%; 51% of farms below zero	Passes, on the measure that pays the family first
'A mistake made in the Treasury, but presented by my own party'	Lord Blunkett	Chapter 6: the case is true, the design is not	The Department cannot test a mistake, only a design; the design fails Figure 5.1
'Fund the NHS for less than a week'	Baroness Batters	Chapter 7: ten hours fifty-two minutes	Passes, generously
Two pubs a day	Lord Cameron	BBPA Q1 2026: 161 in 90 days	Passes: 1.8
'Immoral'	Kemi Badenoch, 1 March 2025	Not an engineering quantity	Not tested; the Department measures fairness in Figure 5.1
70,000 farms affected	CLA, November 2024	Against the £1m rule; the allowance has since doubled and a half	Superseded
The threshold is really £3 million	The then Prime Minister, 2024	True then for a couple with a farmhouse; now £5 million plus the bands	Superseded, upwards
Only the largest estates pay	HM Treasury	85% of estates spared; the 15% are the ones that are mostly farm	True and upside down
The tax hits the poorest	The College, before this paper	Bites above £2.5 million	Fails as written; rebuilt as: hits the lowest income on the largest asset, and the wrong people precisely
You would do better in the bank	The College	Table 4.1: three times the income, six times the death duty	Passes on income; the Bursar has a footnote
The government is being unfair	The College	Chapters 5 and 6	Passes: fair in its aim, unfair in its instrument
Once you have paid him the Danegeld you never get rid of the Dane	Kipling, 1911	Appendix C: five payments in twenty-one years	Passes

Table 10.1: Claims tested. The College's own claims are tested last and hardest, as the runbook requires.

11 CONCLUSIONS

The Department reports as follows.

- The rule is a £2.5 million allowance a person, £5 million a couple, half relief above it, paid over ten years. It is not the £1 million rule announced in October 2024, and the Department has argued with the rule that exists.
- On Defra's measure the median English farm returns minus 0.1 per cent on its capital, and seven in eight return less than a bank. The tax is levied on the one asset whose income cannot service it.
- The same money in a bank would earn three times the income and pay six times the inheritance tax. The relief that remains is large; the objection is to where the cap falls and on whom.
- It falls on the unmarried, the widowed, the recently bereaved, the elderly who did not gift in time, and the arable. Most estates it touches can pay from other assets; the ones that cannot are the working farms the relief was invented for. The College withdraws 'hits the poorest' and substitutes 'hits the wrong people, precisely'. Its position is that a farmer should be taxed on the means the farm provides, and not on a price that can only be had by ceasing to farm.
- The government's case is true in every particular, and none of it is an argument for a rule that cannot tell an investor from a farmer.
- The yield runs the NHS until eight minutes to eleven in the morning, once a year, and is half a submarine.
- On the College's register since 991 a tax on a thing ends with the thing altered, the tax repealed, or both. This one has altered its thing and lost two fifths of its yield at eighteen months old.

Recommendation. The College does not, as a rule, recommend anything to a Treasury, on the grounds that it was there for the Danegeld. It makes an exception. The fault in the rule is that it measures value and not use, and charges at the one moment the money is not there. The mend is to charge when the land is sold out of farming and not when the farmer dies. The heir who goes on farming pays nothing; the heir who sells pays in full, out of money the sale has just provided. None of this is new. Inheritance tax already waits for a wood: under the 1984 Act the value of growing timber can be left out of account on a death and is charged when the trees are sold, so that the law as it stands will wait for a tree and will not wait for a field.[38] It waits for a great house and its park for as long as the public is let in.[39] And the Republic of Ireland, as the College's sister institution at Bannow Bay points out with some satisfaction, takes 90 per cent off the value of a farm for an heir whose property is four-fifths farm and who farms it for six years, and takes the relief back if the land is sold in that time and not replaced.[40]

Failing that, a relief that stayed whole for an estate that is mostly farm, and was capped for the rest, would tax the investor the government says it is aiming at and spare the farmer it says it is not; the Centre for the Analysis of Taxation has costed that at a £5 million allowance for the same yield.[15] Either is an engineering change, not a political one. The last four taxes on a thing in Table 8.1 were repealed rather than mended, and mending is cheaper.

Departmental verdict. Feasible as a savings account; the Bursar's Table 4.1 proves it. Not recommended, on the grounds that the country has to eat and the College has to lunch. The tax is fair in its aim and unfair in its instrument, and the instrument can be fixed: tax the sale, not the death, and the investor, not the farmer. Review on the first Budget after a general election, or on the next visit of the Danes, whichever is sooner.

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APPENDIX A - SAMPLE CALCULATIONS

A.1 The worked farm

Land: 350 acres at £8,497 = £2,973,950.[14] Buildings, machinery and stock: £600,000, the Department's assumption. Relievable assets: £3,573,950. The farmhouse and any cash are assumed to absorb the nil-rate bands and are left out.

Single owner, the rule in force: excess over £2,500,000 = £1,073,950; chargeable after 50 per cent relief = £536,975; tax at 40 per cent = £214,790; ten instalments of £21,479. Against Defra's cereals income of £49,700, 43 per cent a year for ten years.[3,10]

Single owner, the October 2024 rule: excess over £1,000,000 = £2,573,950; chargeable £1,286,975; tax £514,790; instalments of £51,479, or 104 per cent of the income.[5]

Couple, allowances combined: £5,000,000 exceeds the assets; tax nil.[3]

Break-even, where the instalment equals the whole income: value = allowance + income $\times 10 \div 0.2$. Cereals, single owner: £2.5m + £2.485m = £4.985m. Couple: £7.485m. Lowland grazing, single: £2.5m + £2.065m = £4.565m. These are the crossings in Figure 5.1.

A.2 The bank

£3,573,950 at Bank Rate of 3.75 per cent = £134,023 a year; at 4.6 per cent = £164,402; at a ten-year gilt yield of about 4.5 per cent = £160,828.[12,13] Cereals income £49,700 is 1.39 per cent of the same sum. Defra's median return on capital for cereals, minus 0.2 per cent, is minus £7,148.

Inheritance tax on £3,573,950 held in cash by a single person: (£3,573,950 - £325,000) $\times 40$ per cent = £1,299,580; the Table 4.1 figure of £1,429,580 adds the same £325,000 back as taxable on the house and other assets the farm case leaves out, so that the two rows are on the same footing. Either way it is between six and seven times the farm's £214,790.[5]

A.3 The hours

NHS £242,000 million $\div 8,760$ hours = £27.63 million an hour; £300 million $\div$ £27.63 million = 10.86 hours = ten hours fifty-two minutes, ending at 10:52 if the year starts at midnight.[4,19] Ministry of Defence £65,100 million $\div 365$ = £178.4 million a day; £300 million $\div$ £178.4 million = 1.68 days.[20] The College at £3.2 million a year (fiction): 94 years.

A.4 The register

Lives of the ended entries in Table 8.1: 60, 7, 27, 155, 1, 66, 74, 3 and 0.17 years; mean 43.7 years; the text's forty-nine excludes the pasty, which the Department regards as an outlier in every respect. Yield change of the present entry: (£520m - £300m) $\div$ £520m = 42 per cent.[4]

APPENDIX B - THE BURSAR'S CARD

Item	Figure	The Bursar's note
Allowance at full relief	£2.5m a person; £5m a couple	Was £1m for fourteen months; nobody renamed anything
Rate above it	20 per cent effective, ten years, no interest	A sixth of what cash pays; he has said so and will not say it again
Median return on capital, all farms	-0.1 per cent	Lower than the College's boiler, which at least gets warm
Farms returning less than a bank	Seven in eight	The eighth keeps pigs
Mean farm net worth	£2,488,800	£11,200 under the line; he checked the line
The bank	3.75 per cent	Three times the farm; no weather; nothing to eat
Worked farm, single owner	£21,479 a year for ten years	43 per cent of a good year
Worked farm, couple	Nil	The tax is on marital status
Estates that cannot pay from other assets	About 70 a year, fewer now	The working farms, precisely
Yield, 2029/30	£300m	The NHS until eight minutes to eleven; half a submarine
Register of taxes on things	Ten entries; nine repealed, one pending	Mean life 44 years including the pasty
Recommendation	Tax the sale, not the death; the investor, not the farmer	The law already waits for a tree; he asks that it wait for a field

Table B.1: The Bursar's card. He has initialled it and asked that the last line be read twice.

APPENDIX C - THE DANEGELD LEDGER

The College's copy of its Danegeld assessments, in the 1911 transcript of the 1608 transcript. The sums are the Chronicle's for the kingdom; the College's share is the Department of Landscape Archaeology's reconstruction at forty hides and is fiction.[23]

Year	Occasion	The kingdom paid	The College paid	Minute
991	After Maldon	£10,000	40 hides, under protest	'The Danes have gone.'
994	Olaf and Swein at London	£16,000	40 hides	'The Danes have come back.'
1002	The great fleet	£24,000	40 hides	'The Danes appear to have a schedule.'
1007	The army of 1006	£36,000	40 hides	'Motion to stop paying, lost.'
1012	Thorkell's army; the heregeld begins	£48,000, then annual	40 hides, annually	'The Bursar has resigned.'
1051	Edward the Confessor abolishes the heregeld	Nil	Nil	'Noted. The Danes are expected in 1066.'

Table C.1: The Danegeld ledger. The minutes are the Department's.

APPENDIX D - DEPARTMENTAL NOTE

The Department of Agricultural Engineering, Drainage and Applied Weather was founded in 991, thirteen years after the College, on the morning the King's assessor rode up the lane to count the hides. The College had until then regarded its forty hides as a garden. The Department has taught soil mechanics, drainage, the cost of rain and the reading of brown envelopes ever since, and holds, as it held in 991, that a field is not a purse, that the return on land is the weather's to give and the Treasury's to take, and that of the two the weather has the better record for consistency.

The author records her thanks to the farmers of the parish, none of whom is named in this paper, all of whom read it, and one of whom asked whether the College would be putting its own forty hides into a building society. The College would not. It has looked at Table 4.1, and it has looked at the field, and it has chosen the field, for the same reasons as everybody else on the register, and it does not expect the Treasury to understand them either.