**David Smith’s speech at the IHT debate**

It is a pleasure to serve under your chairmanship, Sir Edward. I have held dozens and dozens of conversations with farmers across my constituency of North Northumberland. It has become clear to me that they welcome the principle of this policy, which is to stop the super-wealthy from minimising their tax liabilities by land banking with agricultural land. Not one of those farmers told me that they have a problem with the aim of the policy: to stop the wealthy avoiding tax. However, in the same conversations, many of the farmers told me that they are concerned that their businesses will be adversely affected. I wonder, therefore, if the relief element of the policy could be recalibrated.

The Government’s aim is to support our farmers and our food security, but we are doing that in a context where Tory inaction over 14 years has left great challenges, including climate change, a muddled and chaotic Brexit, and, as we have heard, deals on lamb and beef that our farmers are concerned about. We are not working in a vacuum. I am the first Labour MP in history for the vast majority of my constituency; that is not because the population were happy with what the Conservatives delivered for the countryside and farmers. I ask the Government to consider whether the balance is right.

I have spoken to farmers in my constituency whose farms are worth £5 million, £8 million, £20 million and everything in between. Our farmers are facing a great many challenges, including being very over-leveraged in debt, and we should consider that. I spoke to one farmer whose land is valued at £16 million, so their new inheritance tax liability will be about £2.8 million, but they make just £96,000 profit per year. There are several examples of farmers who have low profits but face enormous bills.

As these examples show, the value of the land often bears no relation to the limited cash flow and the profit that is made. It is reassuring that a few tweaks to the policy would remove most of the pressure on family farms while maintaining the pressure on land bankers, who are the focus of the policy. Hardly a single Northumberland farm will enjoy 100% relief, even with the nil-rate band, so raising the threshold would give instant peace of mind to family farmers.

I suspect that the Government could use data from the Rural Payments Agency and DEFRA to implement an active farmer test and judge whether the land is being put to public use and is therefore eligible for relief. That would differentiate intergenerational farmers and those simply buying farmland to reduce their tax liability. If a clawback mechanism is added and the land is then sold, for example, 10 years after gifting, the Government can reserve the right to claw the relief back for the public purse. Many of these measures have been in place in Ireland since 2015.

I know that the Minister is hearing the same thing that I am from farmers across the country. I urge him and his colleagues to work together to consider whether this policy can be recalibrated to achieve both the Government’s aims of supporting our nation’s family farms and of closing the loopholes that have distorted our land values for too long.