Press Release

www.brown-co.com

12 October 2007

CGT shake up set to hit landowners

In his 'pre-budget statement' this week, the Chancellor suggested sweeping changes are likely to capital gains tax rules in April. Charles Birch, of Brown & Co, believes these look set to cause a radical upset from agriculture's viewpoint. He urges landowners contemplating a sale or transfer to the next generation to act decisively as, if these changes are confirmed, after April 2008 the capital gains tax payable on sales or gifts of land look set to increase, possibly greatly.

"Gone will be 'indexation allowance', which avoids tax being paid on inflationary increases in value," says Charles Birch. "In addition 'taper relief' which effectively reduces the tax paid on assets held for ten years or more to 24% and on business assets to 10% after two years, will be cancelled."

"While non-business assets such as estate cottages may well be taxed more lightly under the new rules, even where they have been held for a long time; sales and gifts of business assets will be taxed more heavily. The new regime would be a particular blow for land as indexation plays a very great part in reducing the taxable value on land sales."

This so called 'simplification' means that all increases in the value of assets, past or future, inflationary or real will be taxed at 18%, a significantly higher rate than the current10% for business assets.

As a very broad example, with the rules as they are, the tax payable on a typical 'in hand' agricultural acre, owned since 1982 and sold for £4,000, may be less than £50. If the new rules are ratified, this tax burden is likely to shoot up towards £400 per acre.

"Landowners, particularly those contemplating a sale or transfer to the next generation, have serious extra issues to consider and implement before spring 2008," says Charles Birch. "Not only is it necessary to take advice about established trusts, but decisions need to be made whether to advance or delay transactions."

ENDS

For further information, please contact

Charles Birch	Brown & Co	01603 629871 c.birch@brown-co.com
Sue Jupe	SMJ Communications	01603 614319 / 0780 390 6356 sue@smjcommunications.co.uk

Notes to editors

Brown & Co is a firm of independent rural property, land and business specialists operating from ten offices in the East of England, London, Poland and St Lucia.
Specialist services include:

- Land Agency
- Residential Agency and Lettings
- Commercial Property
- Agricultural Business Consultancy
- Estate Management
- Planning and Development
- Building Services and Surveys
- Auctions
- Overseas Consultancy Services
- Dispute resolution.