

Minutes from the HM Revenue & Customs Chattels Valuation Fiscal Forum

**Monday 20 April 2015
The Churchill Room, 100 Parliament Street, London SW1A 2BQ**

Attendees:

Tony Spindler	Shares and Assets (Chair)
Virginia D'Vaz	Shares and Assets
Dave Goulsbra	Shares and Assets
Dee Atkin	Shares and Assets
Susan Shuttleworth	Shares and Assets
Marina Young	Shares and Assets
Dawn Summers	Shares and Assets
Ruth Cornett	Christie's
Andy Grainger	Christie's
Mike Neill	Bonham's
Wendy Philips	Sotheby's
Clarissa Vallat	Sotheby's
John Sibbald	Pall Mall Arts Advisors
Robin Vos	Macfarlanes
Gavin Strang	Lyon and Turnbull
Jeremy Lamond	Halls Fine Art Auctions
Steven Denley-Hill	National Association of Valuers and Auctioneers (NAVA)
Nigel Sellars	Royal Institution of Chartered Surveyors (RICS)
Susan Orringe	Royal Institution of Chartered Surveyors (RICS)
Peter Worthington	National Association of Valuers and Auctioneers (NAVA)

1. Staff changes

Tony Spindler has replaced Barry Roland as Assistant Director in charge of Valuation Group 3 which includes the Chattels Team.

Petra Betts and Mark Jones have joined the team and are responsible for foreign land valuations. John O'Toole will be leaving the Chattels team.

2 Matters arising from previous meeting

No issues raised.

3 Digitalisation of white mail

In the near future, all incoming mail to Shares and Assets Valuation (SAV) will be sent to an external mail box address; the correspondence will be scanned and forwarded to SAV via e-mail. A problem with scanning bulky valuation report was highlighted and attendees were advised to state in correspondence that the report is not to be scanned but to be sent to SAV in the post. Reports may be sent to SAV direct via e-mail; attendees were reminded about security. SAV printing requests will also be dealt with externally. A built in delay of 5 days is anticipated with this new process.

Bulk handling is working well in HMRC; attendees were advised that there may be a few glitches when the process is initially introduced to SAV. It was accepted that scanned images can be of low quality.

SAV to investigate (1) if the Chattels team can use Heritage shared workspace and (2) whether Letters of Authorisation can be dealt with via digitalisation of white mail.

4 When and why is it appropriate to use other artists as comparable?

The number of cases where a direct comparable exists but has not been cited is increasing. If direct comparables exist then they should be used.

It is accepted that occasionally it may be necessary to look at other artists in the same genre if no comparable is found or if the painting is an unusual subject matter for the artist under consideration. Occasionally, there will be spikes in prices achieved for an artist's work e.g. when two people bid for a painting and an exceptional price is achieved; in such circumstances, indirect comparables may be appropriate.

In summary, the key issue is the supporting information supplied to SAV to explain the context and rationale for using any indirect comparable.

5 HMRC enquiries regarding low value items

It was raised that HMRC has queried items where the value returned is low. This can occur when, after research, the value returned does not sit within a range of value; alternatively an enquiry may be triggered by other risks identified in the Estate by the Inheritance Tax section of Specialist PT Trusts and Estates.

Initial risk assessment is led by the Inheritance Tax section of Specialist PT Trusts and Estates in their role as the instructing office.

6 Sales occurring after the event. What is a reasonable period?

A chattel sold after death can provide evidence of value at the date of valuation. The further away from the date of valuation the less weight is given to the sale price achieved and this is reflected in the discount applied.

It was noted that when the valuation for a chattel is agreed and Clearance is issued then sales after the date of death are not in point. However, if an item sells for less than the probate value returned then a claim to substitute the sale value is usually made by the Estate.

The Inheritance Tax section ask about sales; executors are asked to disclose items sold at over £25,000.

7 Reservation of benefit: Pre-owned Assets chattels rental

The rental rate returned for chattels is usually around 1%. Attendees were advised that SAV is gathering evidence on the open market value of chattels rentals by reference to, for example, art gallery rental rates. In essence, further investigation on open market value is necessary. The circumstances giving rise to the valuation of chattels rentals was discussed.

8 Digitalisation of IHT forms and the paragraph on valuations for probate

The introduction of online filing is scheduled for late 2015 for 'excepted estates', low value, low risk estates or where everything is spouse or charity exempt. There will be a single box for chattels and no requirement to support the valuation with an itemised list or professional valuation. The forms will be on the gov.uk website platform; the date to be confirmed.

The second stage is scheduled for early 2016 and is being tested. This stage will introduce taxpaying (and non-taxpaying) IHT400 customers and there will be more detailed information required on these cases about chattels.

Sue Shuttleworth will be attending a workshop which will look in detail at the questions currently asked to understand the precise circumstances that the piece of information requested is needed. This will be followed by a "Discovery" workshop with the digital services development team where we will develop how we ask our questions under the digital service and how information may be gathered digitally.

Chattels will be exploring the supporting information currently received, (professional valuations and photographs) and how this will be dealt with under the digital service.

It was raised that Country House collections and conditional exemption are submitted to Heritage via an Excel Spreadsheet –it was asked whether this will continue. Sue Shuttleworth agreed to investigate this at the IHT workshops. Attendees advised that it will be possible to amend and alter the system as future requirements dictate.

9 Any Other Business

The requirement to provide valuations at 1982 was raised and the possibility of moving the value forward to the year 2000. SAV will raise this with Juliet Roche their Deputy Director.

Sue Shuttleworth will enquire whether the listing of individual items over £500 could be uplifted to £1,000 at a future IHT Workshop meeting.

It was suggested that a representative from the Inheritance Tax section and Heritage section attend future Fiscal Forum meetings.

The venue for the next meeting was discussed. It was agreed that the next meeting would be held in a non-HMRC building.

10 The date of the next meeting is to be advised