



Capital gains business asset roll-over relief

Who is likely to be affected?

Farmers, including companies carrying on a farming business, who dispose of or acquire payment entitlements under the new agricultural subsidy Basic Payment Scheme.

General description of the measure

The measure will include payment entitlements under the Basic Payment Scheme within the classes of assets eligible for business asset roll-over relief.

Policy objective

Roll-over relief allows capital gains tax and corporation tax on chargeable gains to be deferred where the proceeds from disposing of certain qualifying classes of qualifying asset are reinvested into new qualifying assets. This helps businesses modernise and expand.

The measure ensures farmers are not disadvantaged by changes to the European Union's agricultural subsidy scheme.

Background to the measure

Payment entitlements under the Single Payment Scheme – the principal agricultural subsidy scheme in the European Union – have been included in the classes of assets eligible for CGT roll-over relief since 22 March 2005.

Payment entitlements under the Single Payment Scheme will cease in 2014 with new payment entitlements being allocated to farmers under the Basic Payment Scheme.

Detailed proposal

Operative date

This measure will be retrospective and have effect in relation to acquisitions and disposals of Basic Payment Scheme payment entitlements on and after 20 December 2013 (the date the relevant EU Regulation came into force).

Current law

Roll-over relief is provided for in sections 152 to 159 of the Taxation of Chargeable Gains Act 1992. The classes of qualifying assets are listed at section 155. Single Payment Scheme entitlements are in Class 7A.

Proposed revisions

Legislation will be introduced in Finance Bill 2014 to include payment entitlements under the Basic Payment Scheme within the classes of qualifying assets at section 155.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19
	negligible	negligible	negligible	negligible	negligible
	This measure is expected to have a negligible impact on the Exchequer.				
Economic impact	The measure is not expected to have any significant economic impacts				
Impact on individuals and households	This measure will only affect a small number of individuals who run a farming business. The measure is expected to have a negligible impact on the numbers, amounts or cost of claims involved.				
Equalities impacts	The gender split for CGT payers is relatively stable over time, with around 60 per cent of filers male and 40 per cent female. It is not known how this pattern might change for farmers but we do not expect this measure to create a disproportionate impact on a particular group of people.				
Impact on business including civil society organisations	Farmers, including companies carrying on a farming business, will face a negligible one-off cost in familiarising themselves with the measure. There will only be a change in the administrative burden for the small number of businesses who will be able to claim business roll-over relief as a result of the change. Overall, this measure will have a negligible impact on businesses and civil society organisations.				
Operational impact (£m) (HMRC or other)	No significant impact is envisaged.				
Other impacts	Other impacts have been considered and none have been identified.				

Monitoring and evaluation

This measure will be kept under review through communication with relevant taxpayer groups.

Further advice

If you have any questions about this change, please contact Alan McGuinness on 03000 585256 (email: alan.mcguinness@hmrc.gsi.gov.uk).