

CENTRAL ASSOCIATION OF AGRICULTURAL VALUERS



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Specialist Personal Tax, Assets and Residence Policy
HM Revenue and Customs
100 Parliament Street
London SW1A 2BQ

By email: capitalgains.taxteam@hmrc.gsi.gov.uk

10th June 2014

Dear Sirs,

Consultation on Implementing a Capital Gains Tax Charge on Non-residents CAAV Consultation Response

I write on behalf of the Central Association of Agricultural Valuers in response to the consultation paper on implementing a capital gains tax charge on non-residents.

Introduction

The Central Association of Agricultural Valuers (CAAV) represents, briefs and qualifies some 2500 professionals who advise and act on the very varied matters affecting rural and agricultural businesses and property throughout Great Britain. Instructed by a wide range of clients, including farmers, owners, lenders, public authorities, conservation bodies, utility providers, government agencies and others, this work requires an understanding of practical issues.

The CAAV does not exist to lobby on behalf of any particular interest but rather, knowing its members will be called on to act or advise both Government and private interests under developing policies, aims to ensure that they are designed in as practical a way as possible, taking account of circumstances.

In preparing this response we have consulted our membership generally and our technical Valuation, Compensation and Taxation Committee in particular.

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Our response

Our response to this consultation concerns the proposal to change the election rules for Private Residence Relief. Paragraph 3.7 of the consultation document states that the Government does not intend to make changes to existing rules on tax reliefs for a person's main property. We ask that the Government takes care to ensure that the changes proposed do not inadvertently prejudice current arrangements for those who have genuine reasons for owning a property other than the one in which they live. This is an issue which arises frequently in rural communities and examples include:

- Tenant farmers required to live in the farmhouse which forms part of the farm tenancy
- Rural employees who are required to live in a particular property for the better performance of their job, such as
 - gamekeepers
 - shepherds
 - dairy herd managers
 - farm managers
 - nannies
 - ministers of religion
 - stud grooms.
- Rural employees who have customarily been offered housing because of a lack of affordable alternatives in the locality, including
 - domestic staff, such as housekeepers and gardeners
 - estate managers
 - general farm workers.

Any of these people may own a house, often making provision for their retirement, which they are unable to live in for some period owing to the requirements of their employment. It is important that the changes to election for private residence relief do not inadvertently place additional restrictions on people in such situations, or place them at a financial disadvantage. We ask that the Government carefully scrutinise the proposed changes to ascertain that such unintended consequences will not arise.

We trust that the responses given above are helpful and would be pleased to discuss matters further with officials if required.

Yours faithfully,

Central Association of Agricultural Valuers