



## **WEB RELEASE** from:

**HAMILTONS Chartered Surveyors**  
Overton Farm, Maisemore, Gloucester GL2 8HR  
Telephone: 01452 331134 Fax: 01452 330860

### **FARMERS AND LANDOWNERS BEWARE**

Changes to capital taxation proposed by the Chancellor in his recent pre-budget report may have a significant effect on landowners as well as other businessmen.

Hamiltons Chartered Surveyors Partner Joe Hiram believes that the lobbying groups may succeed in persuading Alistair Darling to do a u-turn. However, if they fail, April 6<sup>th</sup> 2008 will become an important date after which the tax-take on disposals may increase considerably.

Currently, Capital Gains Tax (CGT) on business assets (e.g. farmland) qualifies for business taper relief if the asset has been owned for a minimum of two years, reducing the rate of tax paid to 10%. After the 6<sup>th</sup> April 2008, this taper relief is abolished, along with indexation allowance, and CGT will be charged at a single flat rate of 18% (effectively an 80% increase in the tax paid) on any gain over and above the annual allowance.

Joe Hiram continued "It is essential that serious consideration is given to all business assets. Timing of disposal will be crucial with an exchange of contracts on any land sales required prior to the start of the new tax year (if the proposed changes are implemented) if taxation liabilities are to be mitigated.

Please consult your tax accountant and ourselves to ensure that you undertake the appropriate action."

The following five months could see a significant increase in the amount of land coming onto the market with a consequent effect on land prices which may halt the recent upward spiral.

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