

Comment on...

Event Overview: Rural Land Opportunities & Obligations

Thorntons LLP, Estate Life and Chiene + Tait covered three key land topics during a breakfast briefing at the Scottish Game Fair in July 2014. Please find below a summary of the topics.

Land Reform and Agricultural Holdings Reviews – Richard Blake, Thorntons Law LLP

- Clear recommendations from the Land Reform review
 - A greater diversity of land ownership including a conditional Right to Buy for secure 1991 Act agricultural tenants.
 - Land Register of who owns what in Scotland to be completed within 10 years.
 - Changing the rights of succession so that heritable property joins moveable property in the computation of legal rights on death.
 - Transparency of Ownership: currently, transfer of land ownership by gift or death does not trigger first registration in the Land Register. Within the next few months, first registration will occur on death or gift by virtue of the new Land Registration legislation. The Land Register is empowered to induce first registration. Owners may register land on a voluntary basis to give certainty to their title.

- Timetable
 - The Agricultural Holdings Review will be published in December 2014.
 - A Community Empowerment Bill to be approved by the Scottish Parliament in 2014/15.
 - We may see Agricultural Holdings legislation brought forward to 2015/16.
 - Land Reform legislation is likely to occur before the Scottish Parliamentary elections in 2016.

- What might happen
 - Succession Law: at present the law allows landowners to leave farms/estates to one child, to the exclusion of others and/or the spouse. The recommendation is that land and buildings should be brought into the legal rights computation. This could have serious consequences for farmers and landowners planning for succession.
 - Taxation change: Inheritance Tax, Business Rates, Land Value Tax.

Devolved Scottish Taxes and Business Planning – Michelle Fallon, Chiene + Tait

Revenue Scotland will collect devolved taxes including Landfill Tax and Land and Buildings Transaction Tax. The amounts are not significant at the moment, but likely to increase as we start to see more devolved taxes, or if Scotland becomes independent.

→ Land and Buildings Transaction Tax (LBTT)

LBTT was the first tax Act passed by the Scottish Parliament. It will apply to land transactions in Scotland post 1 April 2015. The rates of tax have not been included in the Act and will not be revealed until after the Referendum. A consultation document was released and gave indicative bandings and rate scenarios, as well as comparative figures and can be found on the Scottish Government Website. The rates are high under all scenarios. The indicative rates for commercial property are very similar to Stamp Duty Land Tax (SDLT). The changes to LBTT will also affect woodlands. HMRC confirmed that if the woodland is used commercially immediately before and after the purchase, SDLT will only be due on the land. The trees will be treated as a separate asset and LBTT is likely to follow suit.

→ The impact of the Scotland Act 2012

From April 2016, the Scottish Government will have the power to set its own rate of income tax. This will work by reducing all tax bands currently in place by 10% and then adding back on the rate set by the Scottish Government. The Scottish Rate of Tax will apply to all non-savings income: salaries, pension, and rent. By April 2016, a new "S" PAYE code will apply and payroll software will need to be updated.

Opportunities in the Corporate, Wedding and Filming Location Marketplace – Joanna Goddard and Susan Reid, Estate Life

Making the most of your property commercially starts with a simple website and high quality photographs. Creating a brand identity and having a social media strategy are also essential. Here are a few extra do's and don'ts to help you boost your marketing potential and to guide you along the way.

What to avoid

- Taking too long to reply to enquiries
- Concentrating most of the marketing effort on wedding events
- Not emphasising corporate social responsibility
- Not having capacity tables to indicate how many people can fit in each room
- Forgetting to plan tax and legal considerations for hiring extra staff
- Publishing fixed prices on website/literature
- Forgetting insurance
- Quoting too low compared to competitors

What to highlight

- Location and support to historic conservation, rural economies & diversification
- Capacity
- Different event options
- Historical and authentic experience offered in unique and inspiring surroundings
- Privacy and confidentiality
- Value for money
- High quality experience (not simply luxury)
- Dedicated service and flexibility to meet customers' needs

For further information on devolved Scottish Taxes, please contact:

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➤ Information correct at 14 July 2014

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