

# Demystifying tax on using your land for rural housing

February 2017

### Agenda

#### Demystifying tax on using your land for rural housing

- Introduction
- Selling land individual's tax position (as company shareholders or individual land owners)
- Retaining land and developing on your own account
- What's different about a Housing Association
- Any questions?



#### Introduction

- Worked with Housing Associations for many years
- Usually look at the tax aspects for the HA
- Sometimes look at the tax position of corporate vendors
- Mariam has worked with individual tax payers for many years
- We'll combine all that knowledge into a quick 20 min slot and tell you about some of the tax things you need to think about when using your land for residential development



# Selling land - individual's tax position

- Land owned by an individual or partnership
  - Capital gains tax
  - Capital gains tax reliefs
  - Income tax 'traps'
  - Inheritance tax
- Land owned by companies
  - Sale of land versus sale of shares
  - Should the company distribute the proceeds



# Retaining land and developing on your own account

- Funding development: tax relief for interest
- Developing to sell on completion
  - Tax treatment of profit on sale
  - Tax planning
- Developing to retain for rental income
  - Tax treatment of rents
  - Tax treatment of development costs
  - Tax planning



# What's different about a Housing Association or a charity

- Favourable tax position as long as developing social housing or other charitable activity.
- Corporation tax often exempt from tax on many sources of income
- Stamp Duty Land Tax often there are exemptions available so that HAs and other charities can purchase land without paying SDLT.
- A housing association can issue a certificate to the vendor to disapply VAT on residential land





# Any questions?

# Breakout - Tax, what does it mean for me?

- Introduction
- Questions from the delegates



#### **Agenda**

## Breakout - Tax, what does it mean for me?

#### Q1

we are shareholders of a family company which holds land which we used to farm but haven't done for some years. What are the tax implications if we sell the shares to a housing association.

#### **Q2**

I personally own a large site which I bought because of its development potential. I am also the shareholder of a construction company. What tax issues do I need to be aware of if I develop out this site for mixed tenure housing?

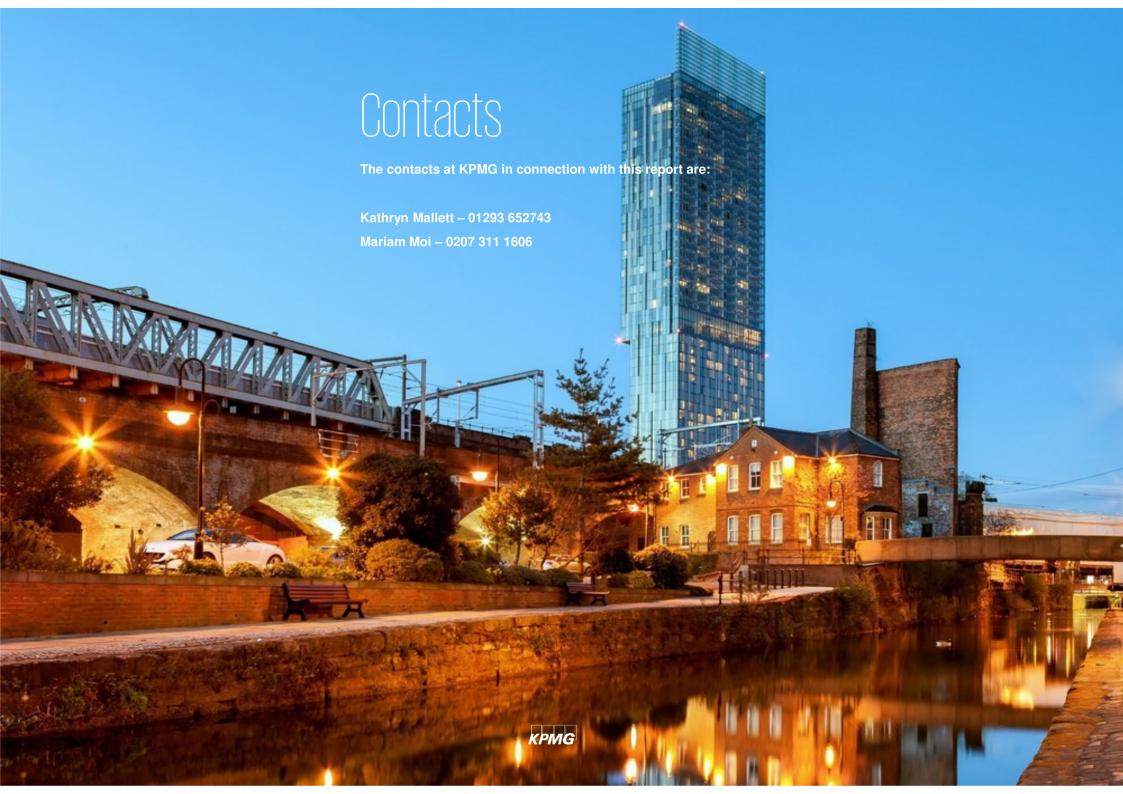
#### Q3

I have retired outside the UK; does any of this apply to me?

#### **Q4**

If I get planning permission I will be much wealthier than I was. Should I do any inheritance tax planning?













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