



Graham Stuart & Associates



Taxation Guide to Forestry

There are various incentives in the UK tax system for individual investors in forestry.

They are as follows:

**Capital Gains Tax;
Income and Corporation Tax;
and Inheritance Tax.**

Capital Gains Tax:

Taxation of Chargeable Gains Act (TCGA)

The increase in the value of timber is exempt from CGT. Increases in the net value of land is assessable, but land value currently accounts for only around 15 per cent of the value of mature woodland .

Income Tax:

Income and Corporation Taxes Act (TA)

Income accrued from a timber crop is exempt from income and corporation tax . This means that if you are planning your finances over a number of years, you can manoeuvre flexibly around need for outlays on such things as pensions or school fees. But no income tax relief is available for interest payments on loans for buying trees, or rents.

Inheritance Tax:

Inheritance Tax Act (IHTA)

When you die, timber qualifies for 100 per cent business property relief if it's been held for two years, so no IHT is payable. Lifetime transfers , which are often called Potentially Exempt Transfers, will not attract an immediate tax charge, but this could change if the donor dies within seven years of making the transfer.





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