

# Stamp duty land tax on forestry – know your position

By Chiene + Tait Chartered Accountants, Edinburgh

Until recently it was accepted that for stamp duty land tax (SDLT) purposes, standing timber was part of the land on which it was growing. Consequently, on the purchase of commercial forestry, SDLT was chargeable on the full purchase price, including the value of the timber. In a recent case, HMRC confirmed that if, immediately before and immediately after the purchase, the land is used commercially in the business of growing and felling trees, SDLT will only be charged on the land with the value of trees being treated as a separate moveable asset. Whilst at the time of writing there has been no revised guidance published by HMRC, and therefore we cannot confirm that this would be

their view across the board, we consider that a protective repayment claim should be made where SDLT has been paid on the total cost of purchase of commercial forestry within the last four years.

Commercial forestry continues to benefit from various tax advantages. All timber sold from a commercial forest is exempt from income tax and corporation tax, the value attributable to the trees is exempt from capital gains tax on the sale of the land. Furthermore, woodlands managed commercially qualify for 100% Business Property Relief (BPR) once held for two years so would be exempt from inheritance tax.

The tax advantages make commercial forestry a popular tangible investment and the forestry market has been steadily strengthening since

2007. Patrick Porteous from John Clegg and Co commented “commercial forestry is now one of the leading asset classes available to investors. Owners have watched their property values triple since 2007 and there doesn’t seem to be any sign of values peaking yet! Indeed timber prices have risen again this year and more commercial forestry properties are available in the market.” For enquiries, please contact Rory Kennedy on [rory.kennedy@chiene.co.uk](mailto:rory.kennedy@chiene.co.uk) or call 0131 558 5800.

If you have a forestry-related legal enquiry, and would like to get a published expert reply from our partner solicitor Brodies LLP, please contact the editor. This covers but is not limited to Scotland-specific enquiries.



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