

Changes to property taxation

This was a benign budget for business according to **Darren Hobson**, Director at Hobson Tax Consulting, at the IPF 'Changes to Property Taxation' seminar held at Pinsent Masons in Birmingham on 24 June.

George Osborne, in his first budget for the Coalition, set out his policies for tackling the budget deficit. The seminar considered how these policies would affect property investment. Whilst trade press speculation focused almost entirely on the changes to capital gains tax, the departmental spending cuts announced could have a significant negative impact on demand for and availability of office space.

The Coalition's tax policy implies that the major changes announced would be the guiding principles for the entire parliament. Darren's view was that this meant capital allowances for specific elements of investment property expenditure would continue. This is an extremely valuable relief that should not be overlooked.

The planned change in corporate tax rates was welcomed by all. This may have the effect of encouraging property investment to be undertaken by corporate entities rather than through an LLP.

Julia Crane, a Director in Deloitte's Private Client Team, outlined the changes for capital gains tax rates for individuals and the impact this may have on property investment structures. Julia indicated that the rate changes were lower than many had speculated but the fact they were immediately effective was a break with tradition. Julia went on to explain a number of tax efficient hybrid structures that could change how we arrange property investment for private clients.

Kultar Khangura, a Partner in Pinsent Mason's Birmingham office, chaired the subsequent questions from the audience, which focused on potential SDLT anti-avoidance provisions and the fact that the Business Property Renovation Allowances (BPRA) regime was not renewed in the budget speech or accompanying press releases.

A very topical event which was well received by the audience. Our thanks go to Pinsent Masons for hosting and providing refreshments.