

# Land Business Tracker | November 2019

Welcome to our quarterly tracker of key land management, farming, planning and energy regulation and legislation.

Please contact your local Strutt & Parker rural team for further information on anything you read here or for a copy of a previous edition as many of the topics remain relevant.

| Regulation  | Description   | Key dates   | Action   |
|---|---|---|--|
| <b>Implement now</b>  |   |   |  |
| <b>ECONOMY</b><br><br><b>RDPE Growth Programme</b><br><b>(England)</b><br><a href="#">Find out more</a>   | Defra has reopened this RDPE grant for what is probably a final tranche of applications. It awards grants of up to 40% for projects which create new jobs, increase business turnover and improve productivity that are related to growing businesses, rural tourism and food processing. The minimum grant threshold has been reduced to £20,000 to encourage smaller businesses to apply and the maximum is around £175,000 (so a £0.5m project). | Application deadline 16 February 2020 for submitting an expression of interest. | Review the grant if you are planning a suitable project.<br><br>Our in-house experts are <a href="#">Ryan Lindley</a> , <a href="#">Charles Garrard</a> and <a href="#">Seb Murray</a> . |
| <b>TAXATION</b><br><br><b>Capital Allowances for structures and buildings</b><br><b>(UK)</b><br><a href="#">Find out more</a>                                 | A new relief for expenditure on new structures and buildings intended for commercial use, and the improvement of existing structures and buildings, including the cost of converting or renovating existing premises to qualifying use. Relief is limited to the original cost of construction or renovation and given across a fixed 50-year period, at an annual flat rate of 2% regardless of changes in ownership.                              | Relief available from 29 October 2018.  | Identify expenditure available for relief.<br><br>Contact <a href="#">Jonathan Smith</a> , our Director of Tax, for further details.   |
| <b>TAXATION</b><br><br><b>VAT: reverse charge for building and construction services</b><br><b>(UK)</b><br><a href="#">Find out more</a>                      | Sub-contractors working for a main contractor will not to have charge or account for VAT on supplies to the main contractor. Instead, the main contractor will have to account for VAT on their onward supply to the final customer. This will affect sub-contractors input VAT and they may be able to deregister from the Flat Rate Scheme.   | Delayed 12 months until 1 October 2020.   | Businesses acting as sub-contractors need to calculate the impact on their VAT position.   |
| <b>RESIDENTIAL LETTINGS</b><br><br><b>Assured Shorthold Tenancies consultation on section 21 notices</b><br><b>(England)</b><br><a href="#">Find out more</a> | The government is consulting on ending the landlord's ability to serve section 21 notices to end an Assured Shorthold Tenancy without a good, specified reason. These are often called 'no-fault evictions'. Instead the government says landlords should use a revised and strengthened court process.   | The consultation ended on 12 October 2019.                                      | Landlords should consider the potential impact of the proposed changes on their properties. Some may want to consider the position of each residential tenant now.                       |

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| <b>ECONOMY</b><br><b>National Living Wage and National Minimum Wage rates</b><br><b>(UK)</b><br><a href="#">Find out more</a><br><br>NB This is separate to the voluntary 'real living wage' campaign, which increased its UK hourly rate by 30p to £9.30 on 11 November 2019. | <p>The rates for the National Living Wage (NLW) and the National Minimum Wage (NMW) will be reviewed and adjusted with effect from 1 April 2020.</p> <p>The current hourly rates, which changed on 1 April 2019, are:</p> <ul style="list-style-type: none"> <li>NLW – workers aged 25 and over – £8.21, up 4.9% from £7.83.</li> <li>NMW – 21 to 24 year olds – £7.70, up 4.3% from £7.38.</li> <li>NMW – 18 to 20 year olds – £6.15, up 4.2% from £5.90.</li> <li>NMW – 16 and 17 year olds – £4.35, up 3.6% from £4.20.</li> <li>NMW – apprentices – £3.90, up 5.4% from £3.70.</li> </ul> | <p>Effective from 1 April 2020.</p> <p>Details of the new rates have not yet been announced but the position should be monitored so that action can be taken once the rates are known.</p> <p>The NLW is <u>expected</u> to rise to £8.67/hour, up 5.6%.</p> | <p>Consider what changes in wage rates your business will apply.</p> <p>For more details or a copy of our letter on recommendations for wages reviews, speak to <a href="#">George Chichester</a>.</p>  |
| <b>RESIDENTIAL LETTINGS</b><br><b>The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015</b><br><b>(aka MEES)</b><br><b>(England and Wales)</b><br><a href="#">Find out more</a>   | <p>The 'no cost to the landlord' exemption will no longer be available and will no longer appear on the PRS Exemptions Register after 31 March 2020 (instead of after five years).</p> <p>Under the new rules landlords will be expected to contribute up to £3,500 per property to raise the EPC rating to a minimum level of E.</p> <p>The 'consent exemption' will also no longer be available where a sitting tenant has refused a Green Deal finance plan.</p>   | <p>Existing exemptions expire 31 March 2020.</p>   | <p>Re-assess property previously exempt on 'no cost to landlord' grounds although affected landlords will be contacted directly by the government.</p> <p>Contact <a href="#">Alice Robinson</a> for our updated flowchart to plan how to implement MEES and register for exemptions.</p> |

## Monitor now

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| <b>DEVELOPMENT</b><br><b>Biodiversity net gain</b><br><b>(England)</b><br><a href="#">Find out more</a>  | <p>The government is going to introduce legislation that will require development to achieve a 10% net gain for biodiversity. The details have not been confirmed yet but BNG will be required for most types of development, including small sites (but simplified).</p>  | <p>New policy will take effect within two years of the Environment Bill being passed.</p>       | <p>Consider whether development could be 'enabled' by offering BNG, by providing / selling it to developers. Contact <a href="#">Jeremy Dawson</a>.</p>                                |
| <b>RESIDENTIAL LETTINGS</b><br><b>Electrical safety in the private rented sector</b><br><b>(England)</b><br><a href="#">Find out more</a><br>NB Similar regulations already apply in Scotland. | <p>Regulations requiring landlords to have electrical installations in privately rented homes checked every five years will be introduced as soon as parliamentary time allows.</p> <p>Properties that already have a valid electrical installation condition report will not need to replace it until five years have passed since it was issued.</p> | <p>Proposals announced 29 January 2019.</p> <p>Unclear when the regulations will be passed.</p> | <p>Anyone commissioning a check must make sure that it is done by someone competent and with current qualifications. Expected to apply to new tenancies first, then existing ones.</p> |

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| <b>DEVELOPMENT</b><br><b>Land value capture inquiry</b><br><b>(England)</b><br><a href="#">Find out more</a>  | <p>This inquiry, being conducted by the House of Commons Housing, Communities and Local Government Committee, is examining the effectiveness of current land value capture methods and the need for new ways of capturing any uplift in the value of land associated with the granting of planning permission or nearby infrastructure improvements.</p>  | <p>The government response to the inquiry was published on 29 November 2018.</p>   | <p>The government has said that it will not introduce a land value capture policy per se but will change the existing system of developer contributions to make them more transparent and efficient.</p>  |
| <b>TAXATION</b><br><b>Office of Tax Simplification review of Inheritance Tax – second report on simplifying the design of the tax</b><br><b>(UK)</b><br><a href="#">Find out more</a> | <p>The OTS outlined its ideas on how to simplify the Inheritance Tax (IHT) system in its second report, issued this summer. Among its most notable proposals are:</p> <ul style="list-style-type: none"> <li>Aligning the trading threshold for Business Property Relief (currently 50%) with the Capital Gains Tax requirement (currently 80%), which may have a significant impact on a number of 'Brander' style (Balfour) arrangements.</li> <li>No rebasing of the value of an asset for CGT purposes where it benefits from IHT relief.</li> <li>Reducing the survival period for Potentially Exempt Transfers (PETs) from seven years to five, while abolishing taper relief.</li> </ul> | <p>Watch for government response.</p>  | <p>Take into consideration when carrying out long-term succession planning as the report is indicative of a direction of travel.</p> <p>Contact <a href="#">Jonathan Smith</a>, our Director of Tax, or <a href="#">Patrick Beddows</a>, for further details.</p> |
| <b>RESIDENTIAL</b><br><b>Consultation on leasehold enfranchisement</b><br><b>(UK)</b><br><a href="#">Find out more</a>  | <p>The Law Commission's consultation included proposals to make enfranchisement easier, quicker and more cost effective. The proposals include providing a new scheme of qualifying criteria for enfranchisement rights, to enhance and improve the enfranchisement rights themselves, and to provide a new unified procedure for all claims.</p>   | <p>Consultation closed 7 January 2019. Final reports are expected to be published after the general election and in February 2020.</p> | <p>Monitor.</p>   |
| <b>RESIDENTIAL LETTINGS</b><br><b>Proposed Fair Rents (Scotland) Bill</b><br><b>(Scotland)</b><br><a href="#">Find out more</a>   | <p>The proposed Bill aims to protect private sector tenants by introducing measures to limit rent increases and to increase the availability of information about rent levels. One of the factors underlying the Bill is that the number of children in private rented housing living in severe poverty has more than doubled in a decade, to 50,000.</p>   | <p>Consultation closed 8 August 2019.</p> <p>Watch for government response.</p>  | <p>Monitor.</p>   |
| <b>TAXATION</b><br><b>Proposed changes to Principal Private Residence Relief</b><br><b>(UK)</b><br><a href="#">Find out more</a>  | <p>This is a relief from Capital Gains Tax (CGT) when a homeowner is selling their home. The final period exemption, to allow people a CGT-free period in which to sell their property after moving out, will be reduced from 18 months to nine months. Lettings relief will only be permitted in cases where the owner remains in 'shared occupancy' with the tenant.</p>  | <p>The proposed changes will take effect on property disposals on or after 6 April 2020, if the proposals are adopted.</p>             | <p>Monitor and speak to our in-house lead <a href="#">Patrick Beddows</a>.</p>  |

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