

# ‘A TAX’ ON YOUR FARM

## “Antrobus – The definitive view”

Most rural professionals and many farmers will have heard of the Antrobus case, writes chartered surveyor Clive Beer. But what exactly was it and what does it mean for the rural property market? Over the next pages we try to explain.

It seems such a short time ago that a farmer could say “I am a farmer and my estate won’t pay any inheritance tax” and usually be right. By the end of 2005 any farmer saying the same thing was more than likely to be wrong.

At a time when farmers seem to have been transformed from the lifesaving providers of the nation’s food to country caretakers “scrounging” off the taxpayer, the “now-you-see-it-now-you-don’t” agricultural property relief (APR) from inheritance tax (IHT) exposition has had the effect of a double whammy.

Some commentators following on from the recent high-profile Antrobus case – encouraged, one assumes, by

both the Valuation Office and Capital Taxes Office – suggest that a farmer will be lucky to receive APR on 70% of his farmhouse.

As for the carriers of the dirty money from the city – otherwise known as lifestyle buyers – a money-laundering traffic that has been providing the new capital for agriculture for about the last six centuries, they are now defined as carrying on a different sort of agriculture to “real” agriculture – ie they are not day-to-day farmers of the land and have another job providing their principal source of income.

Behind all the recent activity there runs a feeling that a well-formulated attack on the former wide availability of APR has been mounted as a preferred alternative to cutting the rate back to where it was pre-1992 (50%).

Notwithstanding the reproach heaped on the agricultural industry and the

country lifestyle, perhaps the political downside of a frontal attack on the industry in the wake of recent food crises would have been a step too far.

Whatever may be the truth underlying these matters and feeding the paranoia of the industry, in this article we shall try to chart the steps that have wrought such a change.

We shall also seek to examine how much of the present headlines are justified by the detailed decisions and what the educated professional should now be doing.

The article is intended to provide a guide to the recent exploration of APR by the CTO for professionals who are familiar with the concepts, though perhaps not well versed in the details of the progress of the exploration.

In part one, Jim Quinn looks at questions relating to the law while, in part two, I look at the position of the valuer.



by Jim Quinn

## The lawyer’s view

WHAT LEGISLATION ARE WE LOOKING AT?

### Agricultural Property Relief from IHT

The requirements necessary to obtain APR are set out in sections 115-120 Inheritance Taxes Act 1984 (IHTA). So we are dealing with fairly old legislation.

The important sections define:

- “Agricultural property” as “agricultural land or pasture and include woodland and any building used in connection with the intensive rearing of livestock or fish if the woodland or building is occupied with agricultural land or pasture and the occupation is ancillary to that of the agricultural land or pasture; and also includes such cottages, farm buildings and farmhouses, together with the land occupied with them, as are of a character appropriate to the property” and ...

- “The agricultural value of any agricultural property shall be taken to be the value which would be the value of the property if the property were subject to a perpetual covenant prohibiting its use otherwise than as agricultural property.”

The only substantial recent changes since the legislation was restructured in 1981 were in 1992 when the rate of relief was increased from 50% to 100% of the “agricultural value”, if immediately before the transfer the transferor had the right to obtain occupation within

12 (then extended to 24) months – otherwise the rate remains at 50%. This was extended in 1995 when the Agricultural Tenancies Act 1995 came into force so that the relief was available in respect of farm business tenancies or any Agricultural Holdings Act 1986 tenancies where there has been a succession after 1995.

### Business Property Relief (BPR) from IHT

Sections 104/105 IHTA allow similar rates of relief (100% and 50%) but on the open market value of relevant business assets that have been owned for two years before the transfer. APR is taken first, but BPR can come in behind and pick up most assets of the farming business owned by the transferor. Importantly, BPR rarely, if ever, is available for the farmhouse.

### WHAT ARE THE BASIC CONDITIONS THAT HAVE TO BE SATISFIED FOR AGRICULTURAL PROPERTY RELIEF?

The following is somewhat different from the concept of “I’m OK, I’m a farmer!”

- The taxpayer must have occupied the agricultural property for two years before the transfer; or, to have owned it continuously for seven years during which time it was occupied for agricultural purposes by him or another.

## FARMLAND Market

● When dealing with the farmhouse, there has to be a farm (*Dixon i*); there has to be a farmhouse (*Korner ii* and *Antrobus 2iii*); the land must dominate the farmhouse (*Higginson iv*); the farmhouse must be “character appropriate” (*Antrobus 1*); and you need to be aware what land you can include (*Starke v* and *Rosser vi*)

● When dealing with woodland or intensive rearing of livestock the buildings must be ancillary (*Williams vii*)

● Finally you have to consider the “agricultural value” of the farmhouse (*Antrobus 2viii*)

### WHAT ARE THE RECENT CASES THAT NEED TO BE CONSIDERED?

● They are listed above and create a waterfall effect seeming to derive from a carefully organised mind inside the Capital Taxes office seeking clarification from the courts of each phrase of the legislation.

● *Antrobus 1* with *Rosser* really explore the concept of a “character appropriate” farmhouse and seemed to give substantial hope to the agricultural industry.

● *Antrobus 2* is the frightening Revenue bite back. However, there is no short cut to jumping all the hurdles that the courts/tribunals at the request of the Revenue have built into our paths.

### WHAT HAPPENED IN ANTROBUS 1 AND ROSSER?

#### Antrobus

When Rosemary Antrobus died in 2001, she owned Cookhill Priory and approximately 123 acres of land. She had farmed the land herself throughout her life and had been the sole proprietor of the farming business since the death of her father in 1945.

He had acquired the same acreage and house in 1908 when he was a Birmingham manufacturing jeweller – another lifestyle buyer. Rosemary Antrobus’ needs were modest and her method of farming was traditional.

But the Revenue could see the photographs of a wonderful Georgian facade set idyllically in the Worcestershire countryside and beautifully presented for sale in a splendidly colourful agent’s sales brochure. So the CTO determined that the house did not attract APR at all.

The CTO had to accept that the house was the farmhouse and Rosemary Antrobus was a farmer running a farm once they had seen the accounts and researched the facts.

However, claimed the Revenue, the house was not “character appropriate”. It was a rich man’s residence. In the word of Peter Twiddy, the assistant director of CTO and advocate for the Revenue before the Special Commissioner, the house had been “gentrified”.

Much work was undertaken by the taxpayer’s litigation team, William Massey QC and James Henderson of



*Deceiving looks... The rear view of Cookhill Priory gives a very different impression from the grand façade.*

counsel, Jim Quinn and Alan Neal from mfg solicitors and Clive Beer from Savills (L&P) Ltd as the expert surveyor. They provided the Special Commissioners with a mountain of relevant information.

Dr Nuala Brice had been the Special Commissioner who had heard *Dixon*. It was to her that *Antrobus 1* was assigned.

The hearing was pushed along with unexpected speed. Less than five months passed between Notice of Determination issued by CTO and the two-day hearing before the Special Commissioner.

In her decision, Dr Brice found that the Priory was character appropriate

and set out the five tests that she deemed encapsulated the decisions in earlier cases and which were appropriate to apply in considering the case before her. We now know them as the “Antrobus tests” and they are set out at paragraph 48 of the decision:

“Thus the principles which have been established for deciding whether a farmhouse is of a character appropriate to the property may be summarised as: first, one should consider whether the house is appropriate by reference to its size, content and layout, with the farm buildings and the particular area of farmland being

*continued overleaf*

farmed (*Korner*); secondly, one should consider whether the house is proportionate in size and nature to the requirements of the farming activities conducted on the agricultural land or pasture in question (*Starke*); thirdly, that although one cannot describe a farmhouse which satisfies the “character appropriate” test one knows one when one sees it (*Dixon*); fourthly, one should ask whether the educated rural layman would regard the property as a house with land or a farm (*Dixon*); and, finally, one should consider the historical dimension and ask how long the house in question has been associated with the agricultural property and whether there was a history of agricultural production (*Dixon*)”.

Antrobus 1 left a number of questions unanswered. Most importantly, did a case have to comply with all five tests? And what interest in the land was needed to establish the extent of the agricultural property to which the farmhouse was “character appropriate”? Rosser filled in these gaps and at the same time underlined the important evidential point that photographs, comparable evidence and a well prepared expert report are essential tools in the litigation armoury.

#### Rosser

Rosser came before Special Commissioner Michael Tildesley. He resolved the first question by saying that, in his judgement, the approach to be adopted for the application of the Antrobus tests was that no test is decisive. The tests are considered in the round and the judgement is based upon the broad picture.

He resolved the second question by setting down a very wide interpretation in paragraph 50 of his decision. He could not find any authority binding on him as to what must be the connection between building and land. He therefore decided that the buildings and the land “must be in the estate of the person at the time of making the deemed disposition under section 4(1) of the 1984 Act”. He went on to add comments that indicated how widely he was interpreting the words of the statute:

“I would add, however, that estate is defined in the 1984 Act as the aggregate of all property to which the person is beneficially entitled. Property is widely defined in the 1984 Act to include rights and interests of any description. It will therefore cover not only tangible property but also equitable rights, debts and other choses in action, and indeed any rights capable of being reduced to money value. Thus, under the situation covered in section 115(2), if the person making the deemed disposition at death legally owned the farm buildings, and had a legal interest such as a right of profit in the property to which the character of the farm buildings is appropriate, then the farm buildings and the property would be part of the estate.”



Careful planning is important when defending agricultural property relief, says Jim Quimm.

So with much effort and careful definition these two cases Antrobus 1 and Rosser moved us along substantially, enabling us to grasp the significance of “character appropriate” and perhaps along the way upsetting some tax planning/diversification schemes that had been developed over the years.

#### WHAT HAPPENED IN ANTROBUS 2?

Antrobus 2 did not gallop to a judgement like Antrobus 1. There were just three weeks short of three years between the hearing dates of the two cases.

The time was used effectively by the CTO in achieving a number of settlements with taxpayers. All of us have different reasons for achieving a settlement in any particular case.

Anecdotally, some settlements may have been grabbed by grateful executors facing the five character appropriate tests with a complete lack of confidence. On such occasions an offer made by the CTO/District Valuers team that a “settlement” could be achieved upon agreement of a discount, usually around 30% between “agricultural value” and “market value”, was highly attractive.

The CTO/DV frequently adopted the argument that the hypothetical covenant contained in the definition of “agricultural value” was akin to an agricultural occupancy planning condition, colloquially known as an “Ag Tag”. After all, the alternative was a very expensive piece of litigation before the Special Commissioners, with the possibility that the commissioner may find the property not “character appropriate” and costs and 100% tax would become payable.

For whatever reasons, fortuitously for the Revenue, by the date of the hearing there had been sufficient numbers of

settlements for the Revenue to mount an argument that settlements achieved should be taken as good evidence that the market adopted a 30% discount as a result of the hypothetical perpetual covenant set out in the definition of “agricultural value”.

Despite a total lack of evidence as to the reasons which led to the settlement in the cases referred to, the Lands Tribunal found the argument attractive.

The time also enabled the transformation of Cookhill Priory. In the hands of the purchaser from the executors of Rosemary Antrobus, the priory was indeed gentrified, the traditional farm buildings developed, the farmyard transformed into a croquet lawn – no doubt any longer about this particular elephant – it had the appearance of a “house with land” by the time of the Lands Tribunal inspection.

Factually, therefore, time had favoured the Revenue. However, the importance of Antrobus 2 is in the legal arguments that were canvassed, and the tribunal’s resolution of those arguments. As we see it, the key elements of the decision were:

- The agricultural value of any house has to be found in a hypothetical market and that market must bear in mind the hypothetical covenant. Accordingly, that market would have excluded anyone who will not be carrying on the farming of the land on a day-to-day basis (ie the lifestyle driver of the agricultural market current at the death of Rosemary Antrobus and still driving the market in 2006)
- The hypothetical perpetual covenant has an effect on the value of the house that, in the absence of any satisfactory evidence of market comparables, is best compared to the discount that the market imposes on a property that is subject to

an AOC. Moreover, the view of the Tribunal was that the perpetual covenant is more severe.

As to the lifestyle purchaser the Tribunal said, reinterpreting the word “farmhouse”, (inter alia):

● Paragraph 71: “In our judgment a farmhouse for the purposes of section 115(2) is the house of the person who lives in it in order to farm the land comprised in the farm and who farms the land on a day-to-day basis. The agricultural value of the house in the present case therefore falls to be determined on the assumption that the perpetual covenant to be implied by virtue of section 115(3) would have prevented its use other than in this way. This would have excluded, therefore, the lifestyle purchaser whose principal reason for living in the house was the amenity afforded by it and by the land”.

As to the discount the Tribunal said (inter alia):

● Paragraph 72: “We were not provided with any evidence of the sale on the open market of farmhouses subject to a covenant in the same terms as that in section 115(3), and we imagine that none exists. The evidence before us comprises properties offered on the open market subject to an AOC and settlements which the Inland Revenue have reached with taxpayers for inheritance tax purposes”.

● Paragraph 59: “...Overall we do not think that the Inland Revenue is wrong in treating the section 115(3) covenant in relation to farmhouses as equivalent to the standard planning AOC for the purpose of establishing values. Indeed, in the light of the features we have mentioned, the assumption is a conservative one”.

Then the Tribunal considered what would be the position if, on appeal, the new interpretation of the word “farmhouse” was found to be wrong:

● Paragraph 76: “Finally, we consider the agricultural value of the farmhouse on the assumption that our interpretation of the legal position is incorrect and that the demand from the lifestyle farmer may be taken into account in calculating its agricultural value... Using our judgment, we would have found that the agricultural value of the farmhouse on that basis was 15% below its open market value”.

#### WHAT IS THE KEY POINT OF WILLIAMS?

Williams considered whether intensive poultry rearing buildings were within the definition of “agricultural property”. The special commissioner found that:

● In order to qualify for APR, intensive livestock rearing buildings must be ancillary, in the sense of subordinate, to the use of the land that is occupied by them. He said at paragraph 133: “...The

broiler houses occupy 10% of that area (0.68 acres). They dominate the blue land and are a significant feature of the view from the orange land. In these circumstances, I can accept that the buildings were not of a character appropriate to the other agricultural property.”

The effect of the decision is twofold. The first is that, unless the remainder of the farm dominates the intensive buildings, you will not get APR on those buildings, though you will on the underlying land, so you will have to rely on BPR. This will help those who farm themselves, but the landlord owner will get no relief. Secondly, if the buildings are not ancillary to the land, it is likely that APR will be denied on the farmhouse in both cases.

#### WHERE DOES BUSINESS PROPERTY RELIEF FIT INTO THE APR PICTURE?

● As set out above, BPR is available on any relevant business assets at full market value. On death, the estate of a farmer who is farming in hand will expect to get APR on the farming assets and farmhouse at “agricultural value”. In so far as there is a difference between “agricultural value” and open market value of the farming business assets, except the farmhouse, then it will expect to pick up relief on the difference under the BPR rules.



*by Clive Beer*

## The surveyor's view

#### IS THE VALUER REALLY NECESSARY?

Such a question should only be answered by a chartered surveyor, and I would never feel terribly comfortable of anyone asking such a question of our legal friends. So this is a suitable moment for this article to take on the chartered surveyor's perspective and I will deal with this and the remaining questions, together with the conclusion as I see it.

As the expert witness who appeared for the taxpayer in both Antrobus cases, giving evidence relating to character appropriateness and valuation, I can only say sensibly that the role of the valuer is important.

While there abounds many legal arguments that come from the statute, the practical application and the establishment of true evidence must fall to the chartered surveyor. The valuer needs to draw upon his technical knowledge and experience of agricultural property to determine on a case by case basis, whether or not a farmhouse is truly character appropriate, and to evaluate if there is any evidence to support such an opinion.

A valuer needs also to assess the market evidence, if any, to establish if there are any real differences from market value and agriculture value. The reality is that the matters of evidence, valuation

and the law all intermingle and the essential truth is that the role of the team is truly essential and no one profession exists within a professional vacuum of knowledge or technical skill.

#### HOW INDEPENDENT ARE VALUER'S?

I will later refer to the professional standards provided by the Royal Institution of Chartered Surveyors, but as to the question: Are all valuer's independent? The answer really is that lovely compromise – well it all depends.

A chartered surveyor who has provided professional advice to a family farming business over 20 years and then, on the death of the farmer, sells the farm on the open market in the capacity of an estate agent can hardly be said to be truly independent from the property and/or the taxpayer.

In such situations professional questions have to be asked as to independence and the resulting credibility of valuations that are submitted, if the very independence of the valuer is seriously questionable. I fear that this poses a somewhat uncomfortable question for my fellow valuers and the essential question that we all have to ask ourselves before starting on any piece of work in undertaking a

*continued overleaf*

valuation or the provision of evidence is, am I truly the right person for the job?

Do we truly have the relevant expertise, and are we really independent? Can we stand behind our independence even under thorough cross examination from a ferocious advocate?

The process and the role of the valuer in determining character appropriateness and agricultural value is twofold; firstly giving tax planning advice as it relates to forward planning; secondly preparing the probate valuation, or if contentious, preparing expert reports and/or negotiating on behalf of the tax payers with the Capital Taxes Office/Revenue.

During this process the Capital Taxes Office/Revenue will be advised by the District Valuer's office. The role of the District Valuer in this regard and whether or not he is truly independent is perhaps a question for another day, but it does seem strange to me that the District Valuer serves one master. If any single commercial firm enjoyed taking instructions from only one client, could they boast that they were truly independent? I think not.

#### **IS THE RED BOOK RELEVANT?**

As from August 2002, all tax valuations that are used for tax returns should be conducted within the standards governed by the Red Book (The RICS valuation bible). And so the historic practice of providing probate valuations that were merely two line letters is now gladly behind us and professional standards require us to produce comprehensive and thorough reports.

This I see as a huge professional step forward, in so much as submissions upon which our clients rely now have to be put together in a very careful way, and the valuations and opinions of character appropriateness that we consider have to be done within this professional context.

The great benefit about this is the level playing field that the Red Book affords in so much as it directs both the tax payer's valuer and the District Valuer's office. Our expectations should be that we are all performing to the same professional standards.

We both have to apply ourselves to the same definitions of market value, and hopefully, if we are applying ourselves to the question of character appropriateness and value based on the same professional standards, there is less for us as valuers to disagree over – but perhaps this is wishful thinking on my part?

#### **HOW IMPORTANT IS THE PROBATE VALUATION?**

The probate valuation represents a document upon which the taxpayer bases their tax return dealing with market value and potentially the issues of character appropriateness, and the quantum of agricultural value.

It is therefore transparently clear that



*The Revenue seems keen to argue that agricultural property relief should only be available on 30% of the value of a farmhouse, says Clive Beer.*

the taxpayer relies heavily upon the quality of the opinions and the accuracy of such valuations contained within probate valuation reports. If a cavalier approach is taken to the preparation of probate reports, we do our clients and our own profession a huge disservice.

Moreover, serious interest penalties could result, because the taxpayer has to agree a compromise that is substantially different from the reported valuation figures.

The drafting of the probate valuation should be seen as a fantastic opportunity to give clear and independent advice to a client as to the character appropriateness of a farmhouse and issues of agricultural value.

If at this stage it is obvious to the valuer that a property is not character appropriate or indeed there is a material discount for agricultural value, then the valuer has a duty to report as such, and never to adopt an opinion that merely suits the client's aspiration. The client at a later date is not going to thank you when he has run up a considerable bill in developing an unsustainable argument.

The probate valuation should be prepared with a great deal of precision and research and should clearly set out the taxpayer's position, so that the taxpayer can truly rely on it in terms of the tax return.

It also seems rather obvious, but a well prepared report is going to be far better received by the Capital Taxes Office/Revenue or the District Valuer, and they are more likely to be persuaded of the taxpayer's position by the application of such professional excellence.

In my experience, it is always difficult to be critical of another valuer's approach if the content of their report is clear, precise and explained and is based upon evidence that is exhibited.

#### **ARE BOTH THE TAXPAYER'S VALUER AND THE DISTRICT VALUER BOUND BY THE SAME PROFESSIONAL CODE?**

The District Valuer's office is broadly exempt from Red Book compliance, due to the internal nature of their practice. Notwithstanding, my clear understanding is that there is no discernable difference between chartered surveyors who

act in private practice and those working within District Valuer's offices in so much that they will both be bound by the technical definitions found within statute and the Red Book.

If cases become contentious, requiring the need for the submission of expert witness type reports, then both types of valuer will be bound by the Civil Procedure Rules that have helpfully been distilled in the RICS practice statement of "Chartered Surveyors Acting as Expert Witnesses".

If any surveyor is contemplating providing evidence for court purposes, in whatever capacity, it is imperative that they have a complete and full understanding of this mandatory practice statement. The practice statement quite rightly sets high standards of professionalism, reporting and independence, and woe betide a valuer who falls below such standards.

More than once I have been within a court/tribunal situation to see a valuer who is giving evidence without knowledge of the existence of a such a practice statement. Needless to say that cross examination of their so-called expert evidence was interesting.

On the basis that both the District Valuer's office and the taxpayer's valuer are bound by the same professional codes, we as valuers should take great comfort, in that we should examine and be examined on the same basis of valuation and standards of presentation of expert evidence.

### IS THE VALUATION OF THE FARM AND FARMHOUSE AN ART OR A SCIENCE?

I am yet to find a valuation that is either really down to pure science or pure art and the years have taught me that valuations, especially when dealing with complicated references, tend to be down to thorough research, that is applied with the benefit of experience, within the framework of a well understood analytical approach – ie the science.

This suggests that only valuers with the relevant degree of experience in valuing this type of rural property should attempt to provide probate valuations

and/or expert reports, and such valuers must have a detailed understanding of the complicated areas of case law that have evolved in recent years.

This will require a valuer to work closely with the taxpayer's legal adviser and the adoption of a team approach to create the accurate answer.

Sadly, over the years, I have received poor written legal instructions from probate lawyers who understand little of the concepts of character appropriateness and agricultural property relief. Just as there are specialist valuers who should be undertaking this type of work, there are clearly specialist agricultural lawyers who should be considering agricultural property relief.

In those instances, when there is concern about the quality of legal instruction, perhaps the probate lawyer could be pointed towards helpful specialist advice, whether from solicitors or the bar.

### WHAT IS THE DISCOUNT – 30%, 15% OR LESS?

I fear that there may be a temptation from the District Valuer's Office to try and apply Antrobus 2 on a benchmarking basis.

While many professionals, both legal and surveying, have been critical of the Land Tribunals judgement in Antrobus 2, what is quite clear is that the percentages of discount set out were specific to Cookhill Priory and in no way form a benchmark to be applied as a precedent across the board.

If you are in doubt on this point read the judgement carefully. As a court of first instance it is quite clear that this judgement is not legally binding as a precedent and nor should it be perversely applied as a benchmark.

In all cases the existence of a discount from market value will depend upon the factual matrix of each and every case and the market evidence that surrounds these cases.

I am certain that there are still individual cases with overwhelming market evidence showing that no discount should apply and others where a discount will be reasonable.

The existence or the quantum of such

a discount can only be made with reference to the factual matrix of each individual case, and to apply a benchmark that is based on Antrobus 2 only reflects a failure to undertake a thorough research of the individual case; such an approach can never reasonably be espoused.

### CONCLUSION

Antrobus 2 seems to pose more questions than it answers and indeed I have heard many friends in the law comment at their displeasure as to why the Lands Tribunal felt obliged to dip into areas of law that are quite clearly the domain of the Special Tax Commissioners.

As such, I would anticipate that there will be future emerging case law as the courts try to develop better and more informative judgements that give practical application.

What is quite clear is that with this backdrop of potential future litigation, the professional standards of valuers working in conjunction with their client's legal advisers is paramount. Valuers will not only need to be independent, but they will need to be seen to be independent and beyond reproach, or otherwise fall foul of the skills of the advocate and the wrath of the judiciary.

The biggest question that we as professionals have to ask ourselves is are we the right people to advise, do we have the required standards of independence, can we give accurate and informed advice, are we prepared to give valuation/evidence and for that evidence to be tested before the Special Tax Commissioners or the Lands Tribunal?

If we can answer yes to all of these questions then perhaps we are indeed the people to act.

If we are minded to look to the factual evidence independently then we will be able to discharge our duty to the court and maintain our professional standards and deliver an accurate answer.

- i Rachel Jane Dixon v CIR (2002) STC (SCD) 53
- ii Korner & Others v CIR (1969) 45 TC 287 (HL)
- iii Lloyds TSB Personal Representative of Rosemary Antrobus Dec'd v CIR DET/47/2004
- iv Executors of John Sidney Higginson v CIR [2002] STC (SCD) 483
- v Starke & Another (Brown's Executors) v CIR (1995) STC 689 (CA)
- vi Enid Meriol Amelia Rosser v CIR [2003] SpC 368
- vii Williams v Revenue and Customs [2005] UKSPC SPC00500
- viii Lloyds TSB Personal Representative of Rosemary Antrobus Dec'd v CIR [2002] STC (SCD) 468

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### TAX PLANNING

**Pro-active tax planning, including an Agricultural Property Relief Audit, is one way to prepare for a contest with the Revenue over a claim for APR, says Mr Beer. An APR audit should do the following:**

- Analyse your farm or estate within its current structure and business management arrangements
- Provide a report as to the expected taxation outcome in the event of an immediate death
- Make suggestions and give reasons for changes intended to maximise the potential to qualify for APR or, where appropriate, Business Property Relief
- Give pointers for a review of your business to balance the dangers of ultimate inheritance tax against the immediate needs of your business and family

Savills and mfg have formed a consultancy that will provide advice on the above.