

**HMRC Chattels Valuation Fiscal Forum
Monday 7 December 2009 @ 12.30**

**Room G/16
HM Treasury, 1 Horse Guards Road
London, SW1A 2HQ**

Attendees

Mike Fowler, SAV
Robert Dawes
Dave Goulsbra
Susan Johnson, Christie's
Alice Martin
Wendy Philips, Sotheby's
Melissa Papadakis
Mike Neill, Bonhams
Alistair Morris, RICS
Paul Britton
Michael Hoare, NAG

Apologies

Paul Davidson, Bonhams
Nick Parnell
Chris Ewbank, RICS
Christopher Stone, NAVA/SOFAA
Carolyn Omell
Clive Stewart-Lockhart, SOFAA
Nicholas Major, NAG
Michael Hore, NAVA

Minutes

The meeting was held at room G/16 HM Treasury, 1 Horse Guards Road London and was chaired by Mike Fowler.

1. Introductions and apologies

Mike Fowler welcomed all attendees to the fourth Chattels Valuation Fiscal Forum.

2. Matters arising

No matters were raised from the previous minutes.

3. HM Revenue & Customs (HMRC) - an update

Mike Fowler provided an update on changes in HMRC since the last Chattels Valuation Fiscal Forum:

- Guy Leeser has taken over from Colin Gibson as Business Head of Shares & Assets Valuation.
- Security
Security remains a high profile issue.
Inconvenience regretted but unavoidable.
- Budget
SAV is not immune from the tight financial climate.
Staff and other operating costs have been cut this year and further cuts are anticipated in 2011.
It is likely that the next Forum will be held in Nottingham. Those present signalled that they found the meetings useful and would be prepared to travel.
- 'Your Charter'
Launched 11 November 2009 and accessible on the [HMRC website](#).
- Move to Ferrers House
Completed in May 2009
Any disruption to service is regretted.
- Capital Gains Risk Assessment Teams
Now up and running in Manchester and Edinburgh.
- Post Transaction Valuation Checks (PTVCs)
Wendy Philips asked if all PTVCs are referred to SAV. Mike Fowler advised that they are risk assessed first and only 'worthwhile' cases are referred.

4. Performance and workloads

Robert Dawes gave some statistics covering the performance of his team since the last Forum.

- SAV settled 1,017 chattels valuations in the last tax year (2008-09) involving a total capital value of £98,603,162, and a total capital change of £3,521,515.
- During the period 1 April 2009 to 31 November 2009 SAV have looked at chattels valuations involving 363 different taxpayers (Capital Gains Tax and Inheritance Tax). Of that figure, 286 cases (78 per cent) have been risk assessed out immediately, usually within a week of being referred to SAV.

- During the period 1 April 2009 to 31 November 2009 new files have been created for 77 taxpayers (47 involve Inheritance Tax and 30 involve Capital Gains Tax). These figures are for individual taxpayers and it should be noted that enquiries may be raised about several different chattels for each taxpayer.

5. Valuation in a falling market

Wendy Philips raised the question of the difficulty of valuing in a market where prices are falling. Mike Neill agreed that a lack of sales presented particular problems. Dave Goulsbra said that whilst in principle it should be no different from valuing in a rising market SAV did understand that the lack of sales did pose some difficulty. He thought that there was no magic solution and as long as a reasonable approach was taken by both sides there should not be any insurmountable problems.

6. Progressing cases quickly

Robert Dawes explained that it is felt to be in everyone's interest to settle valuations as quickly as possible. He summarised the new information powers in Schedule 36 FA08 and said that SAV would be using these powers to force progress when deemed appropriate.

He also summarised the penalty legislation at Section 97 and Schedule 24 FA07 (and Schedule 40 FA08) and explained that SAV would be working together with instructing offices to encourage compliance by pursuing penalties in appropriate cases.

7. Rental rates where there is no meaningful rental market

Susan Johnson tabled a question asking if HMRC's policy had changed in the light of information uncovered since the statement made at the Forum in 2006.

- Mike Fowler said that a case very nearly came to the Commissioners in 2009. A taxpayer was arguing that purely nominal rates represented market rent for very valuable paintings and HMRC had been challenging that.
- He explained that much information was uncovered in preparing for the hearing but, until further notice, HMRC's policy remains essentially the same as that set out at the CVFF in 2006.
- Every case will be treated on its own merits but if there is no meaningful rental market and the other advice set out in the minutes to the 2006 Forum is adhered to, then a rate of 1 per cent is likely to be acceptable.

- How any Tribunal might treat the costs of ownership remains undecided but thus far no insurmountable problems have arisen as those costs are usually a very small percentage of the capital value.
- The further the net rental rate drops below 1 per cent the more likely it is that HMRC will mount a challenge.
- Purely nominal rental rates will most certainly be challenged.
- HMRC will not raise frivolous enquiries.
- Discussions with policy colleagues are ongoing.

8. Indices

It was agreed that despite its limitations and cost Art Market Research remained an extremely useful tool. It is used by all the major auction houses.

Alistair Morris said that he had found Findart.info useful for current valuations.

9. Any other business

Alistair Morris and Paul Britton said that from January 2010 new guidance on the valuation of Chattels, now to be referred to as Personal Property, will be included in the RICS Red Book.

10. Date of the next meeting

Next meeting scheduled for November/December 2010 in Nottingham.