Land pooling

General Features

01 November 2019

In the context of long term sustainable housing developments, the CIOT has raised the tax barriers to land assembly. Further evidence is sought of the extent to which tax inhibits effective solutions to land pooling for development involving multiple landowners.

In February 2017, the Department for Communities and Local Government published the White Paper: 'Fixing our broken housing market' setting out the government's proposals to boost housing supply and create a more efficient housing market. The CIOT responded to one aspect of this White Paper to set out some of the tax consequences that may act as inhibitors to land assembly for development, and float possible solutions.

The submission was sent also to HMRC.

HMRC have responded to the submission in the following terms:

> 'Thank you for your representations about CGT, land pooling and equalisation payments. After consideration we think that there is insufficient evidence to take the matter further at this time, however we would like to keep the issue under review. Therefore, any further evidence you or colleagues may have, or come across, regarding how this problem is specifically hindering developments would be appreciated. It would also be useful to know how this issue compares in importance to other factors affecting development, for example other aspects of the tax system, planning rules, section 106 / community infrastructure levy, and whether there are regional variations.
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> 'One further point is that in the context of developments (including for residential use) government has already provided local authorities with a range of powers, including compulsory purchase, and expects them to make effective use of them, for example to resolve coordination failures. In the case of the

> compulsory purchase regime, secretary of state MHCLG also announced alongside Spring Statement 19 that the government will consider further reforms in line with the manifesto commitment to make them easier and less expensive for councils to use.'

We have provided some evidence. However, we would welcome further evidence or comments on HMRC's response in order to take this issue forward. If you have experience of developments where the issues raised in the submission have been encountered, an indication of the geographical location (county), the size of the site, potential housing capacity and number of landowners involved would be very helpful. Please send these to technical@ciot.org.uk.