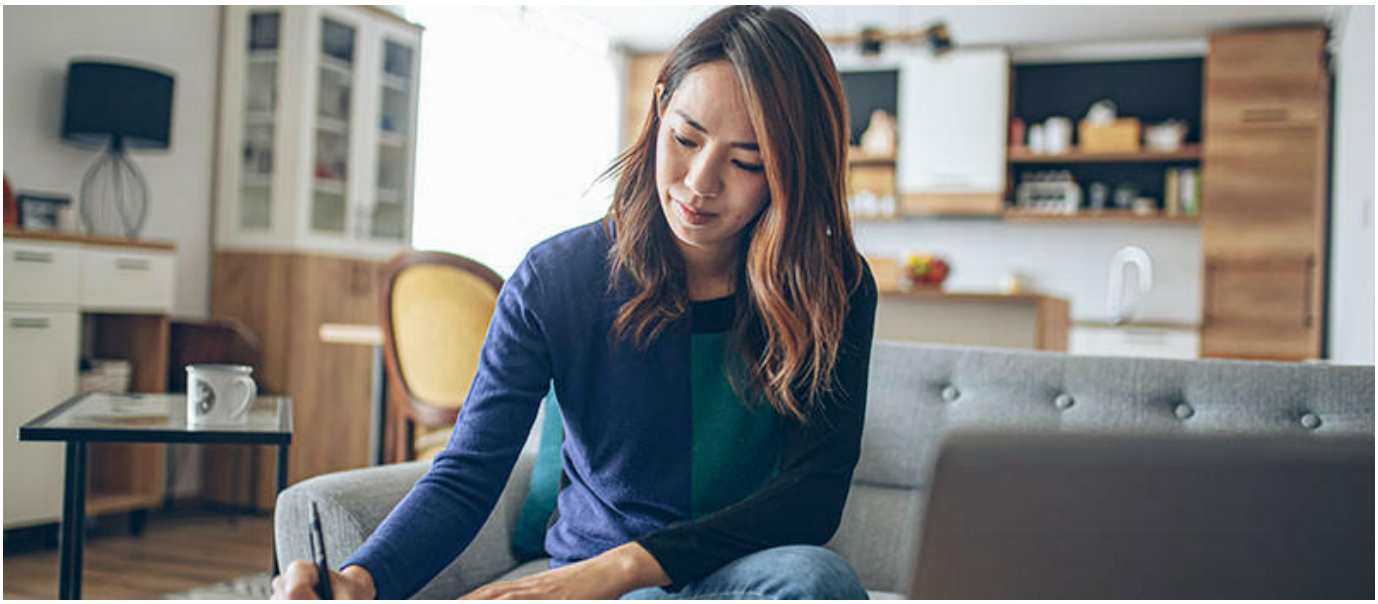
ATT calls for clarity on taxation of natural capital

Personal tax



19 February 2024

The ATT has written a letter with other representative bodies to the government calling for a response to last year's consultation on environmental land management and ecosystem service markets.

On the 22 January, the ATT wrote to the Financial Secretary to the Treasury (FST) expressing concerns about the delay in responding to a consultation on 'natural capital' schemes. The consultation, titled 'The taxation of environmental land management and ecosystem service markets', closed in June 2023, but there has been no response from the government. The letter was written jointly with the Institute of Chartered Accountants of Scotland and the Law Society of Scotland.

All three bodies are concerned that uncertainty regarding the tax treatment of land management schemes, including the Woodland Carbon Code and the Peatland Code, is hindering the ability of land managers to engage with a range of environmentally beneficial schemes. This affects not only the UK's ability to achieve its net zero goals

by 2050, but also has a direct impact on areas such as house building, where developers have to meet obligations in respect of schemes such as biodiversity net gain and nutrient neutrality before development can commence.

At the Autumn Statement, the government committed to responding to the consultation by Spring 2024 – a period well in excess of the usual 12 week response window. In the meantime, biodiversity net gain for developers became mandatory on 12 February 2024, nutrient neutrality is already in force, and the first tranches of pending issuance units generated from the Woodland Carbon Code have been verified and are available to purchase.

The full joint letter is available here: www.att.org.uk/ref449

The original consultation, which closed in June 2023 can be found here: tinyurl.com/5n8jj4vp

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