

DeVARGA COMMENTARY – DECEMBER 2014

Politics, Planning, and a General Election – Ouch!

I have a number of overseas clients. Recently one of them mentioned to me that there are going to be changes to the tax on UK property sales for overseas home owners. This led me to the Autumn statement as shown on the BBC website on 5th December 2013. Under the current system only second-home owners who are UK residents pay the tax, which is typically levelled at 28% on any rise in value when they sell a property. George Osborne (God bless him) said the current system was not right and that with effect from April 2015 there would be a change.

As I understand it, with effect from August 2015 any capital gain made after that date will be subject to Capital Gains Tax. It follows that if you live overseas and own property in the UK, irrespective of your intention whether to hold or sell, you should be getting a clear statement of value of that property as at August 2015. Make sure it is set out in a clear manner (by that I mean giving evidence) to avoid challenge by the Inland Revenue through the District Valuer's office.

Another job which faced me earlier this week was to value what is commonly referred to as 'hope value'. This is a difficult one to assess. My view is that hope value is subjective and it is only valuable in the hands of the individual and, therefore, it becomes wealth. Wealth is entirely different to value. Wealth takes a person outside the normally accepted definition of open market value. As a result, be wary of any reports which you have in which they use the expression 'hope value' assuming, that is, it is open market value as defined in the normal manner.

Far better to work under the notion of a real expectation. That means, something is going to happen. To a degree you can 'touch' it. That is different than hope, so be careful of those two definitions.

Recently I was asked to look at a development site in London. The 'skittles', so to speak, were all set up in that the Planning Officers had concluded this was a scheme which should be approved. The report from the Chief Planning Officer stated as such. It was therefore within the public arena. Draft Section 106 agreements were in place. All that was needed was approval. Surprise, surprise, it was turned down at full Committee level. Why? Well, I cannot resist the temptation to think that perhaps there was a bit of political interference here from the Local Councillors who, after all, are facing a General Election in 2015. As is often the case there was some local opposition to the scheme but it was a solid Planning proposal; good for the area with no disadvantages. So the moral of this story is, be wary of people who have political agendas as opposed to Planning agendas. The two are not good bedfellows.

We are now into the festive season. Our offices will be closed from 5 pm on 23rd December, reopening for full business on Monday, 5th January 2015. In the intervening period I will be available on my mobile number (07889 179 306) and, as always, 'holding the short straw', so to speak.

Enjoy the festive season.

Matthew S Martin FRICS FCI Arb

PS - This is a convenient opportunity to introduce to you two new people in the Company. Firstly, Kamraan Khan. Kamraan has finished his studies at University and is the proud holder of a BSc (Hons) and is working his way through CPD to gain the title 'Chartered Surveyor'. He is keen; he knows what he is doing and has an enquiring mind. I also introduce to you Cathy Keville who joins us on the administration side. Aside from spending some time 'down under' (NZ to be precise – I'll not hold that against her!) she has spent most of her life in the UK. Both of these people are most welcome to the Company. I like them both.