

# Major changes are set to affect tax rules on private residences from April

**Taxing Times**

Richard Whitelock

NEW RULES are coming in April this year and they will shake up the Principal Private Residence (PPR) relief. This will affect both UK residents and non-residents.

HM Revenue and Customs recently published its proposals to start charging Capital Gains Tax on non-resident individuals selling UK residential property for a profit from April 2015.

By bringing non-residents into

the CGT charge, it followed that a review of the Principal Private Residence (PPR) relief rules was also required, in order to avoid any perceived abuse of the ability to nominate a residence for tax purposes.

Some feared that the PPR relief changes proposed earlier in the year would lead to onerous record-keeping obligations placed on taxpayers. Thankfully, the rules have been revised and the feared administration burden reduced. Under the new rules from April 2015, a person's private residence will not be eligible for PPR relief from CGT

for a tax year unless: either the person making the disposal was tax resident in the same country as the property for that tax year, or, where not tax resident in the country, the person or their spouse or civil partner spent at least 90 midnights in that property (or across all of their properties in that country) in that tax year.

A taxpayer with more than one residence can still nominate which property should benefit from PPR relief provided: they are UK resident with more than one home (in the UK or overseas), or they are non-resident but

spend 90 midnights in one or more UK homes

The good news for UK residents with UK homes is that nothing has changed, meaning the long-established practice of 'flipping' PPR relief between two UK properties can continue. But for UK residents with holiday homes overseas, unless they spend at least 90 days per year living there, they will not be able to claim PPR relief on that property. If they are able to pass the '90 day rule', then they can nominate which property is treated as their main residence.

The new '90 day rule' is clearly

aiming to restrict PPR relief to a situation where the taxpayer can demonstrate having a significant presence in the UK, so non-residents buying UK property as an investment rather than as a home cannot benefit from PPR.

This certainly seems a reasonable approach. However, non-residents spending more than 90 days in their UK property (or across all their UK properties) will see their chances of becoming UK resident increase (under the new Statutory Residence Test rules). This in turn will very likely have a significant impact on their

wider UK tax exposure. So very careful planning will be needed to ensure that non-resident individuals do not inadvertently become UK resident whilst trying to obtain the benefit of PPR relief.

Interestingly, UK residents must notify which residence is to qualify for PPR relief within two years of a change in the number of their residence (as the rules were before), whereas non-residents are required to notify at the date of disposal.

It is important to note that for the PPR relief changes, periods prior to April 2015 will be taken

into account – i.e. properties that have benefited from PPR relief prior to April 2015 will have their full ownership and PPR history taken into account when calculating the relief on disposal.

These recently published proposals do not provide all the detail we need to consider all scenarios, so we look forward to seeing the Government's draft legislation in early 2015.

For now, it is important to review your property situation and take advice.

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# Keeping it simple gives Quaker barns a new chapter in history

The rustic simplicity of these award-winning barn conversions in Danby Dale, near Whitby, is a tribute to their Quaker heritage. Sharon Dale reports.

EMPTY NESTERS will understand the emotional impact of children leaving home for the last time. They leave a void that needs to be filled.

Dogs, holidays and new hobbies are the most common coping strategies, but for Liz Nightingale it was a couple of barn conversions.

She has spent the last six years pouring her love and attention into a mammoth renovation project and the result is two holiday lets next to her home in idyllic Danby Dale, near Whitby.

"The barns used to be full of ponies when the boys were younger," says Liz, who has four grown-up sons. "Since then they've been largely redundant."

It was an ambitious project for a first-timer, not least because the barns are grade two listed and are in the North York Moors National Park. Her strategy was formed by a desire to do "the right thing", adhering to Kevin McCloud's maxim of retaining the integrity of the original buildings. They date from the 1700s and were built by Quakers.

There was no set deadline or budget and this slow, considered approach has led to an remarkable outcome. Both properties have won the prize for Best Conversion in the National Park's Design Awards. Beacon View was the winner in 2012 and this year, Dale View took the title. "I wanted a lovely, rustic simplicity so you could see that these were agricultural buildings," says Liz, who adds that the National Park's Conservation Officer, Beth Davies, was very helpful with pre-application advice.

The barns sit across from the farmhouse, which she and her husband, Danny, bought 25 years ago. A former modern pentathlete, he won a gold medal at the 1976 Montreal Olympics and now works full-time as a sports consultant. So Liz project managed the build, beginning with the initial designs drawn by architect Pete Rudsdale. His imaginative, sympathetic approach impressed the planners, who eventually gave the go ahead in 2008, though the presence of bats caused another delay while surveys were carried out and bat boxes installed.

"We tried to keep as many original features as possible, which wasn't always easy," she says. The "we" she refers to is her team of local builders and craftsmen, who helped implement many of her ideas and who came up with their own ingenious solutions to problems.

"The builder, Philip Stonehouse, and his co-worker, Tom, were incredible. They are so talented and that's been part



DALE VIEW: The decor allows the character of the barn to take centre stage, as seen in this dining kitchen in Shaker style. The barn as it is now, left, and before the conversion, right.

of the pleasure of this project. Finding amazing craftsmen like them has been a delight," says Liz.

The old cruck frame at Dales View had to be preserved and is supplemented with green oak supports. The internal stone walls have been left exposed,

while the external ones have been insulated. A ground source heat pump, whose tanks are housed in a small extension, make the building even more energy efficient.

All the 18th century features have been retained, including an old standing stone, which was

supporting an ancient beam in one bedroom, though Liz went above and beyond the call of duty when she put an old wren's nest back into the wall as a reminder of the barn's past inhabitants.

The flooring is York stone from Dring at Hartoft and Philip and Tom made the internal doors from old church pews. The staircase is in green oak with wrought iron from the forge at Moorsholm, which made everything from the coat racks and the lights in the dining room to the frame for a large glazed section of a first floor bedroom that overlooks the ground floor.

"We had to keep everything as open as possible and so that view was important but we have a curtain you can pull across the glass for privacy," says Liz. Two internal openings in the downstairs bedroom presented

a problem as curtains would have looked wrong. Inspired by children's jigsaws, Liz decided to put removable wood panels over them.

The kitchen is from Howdens and the dining table was from Tennants auction house at Leyburn, which was a rich source of old treasures. She splashed out on the sofa from Bo Concept and on lighting from John Cullen, but saved on inexpensive buys from Ikea, including bedside cabinets, which she painted in Farrow and

Ball's Railings, and the Poang chair.

Decoration is at a minimum and there are no pictures on the walls. "I think there is enough going on with the beams and the wood in here, plus I think people value the simplicity," says Liz, who turned an open-sided Dutch barn outside into a vintage-style sitting out area, complete with painted dresser, tables and chairs, so guests can enjoy the fresh air and the views.

It is this kind of attention to detail, along with the design and the location, have brought rave reviews from visitors.

"When the children and their ponies were here, this place was buzzing and now it's like that again," says Liz. "It's wonderful and I can honestly say I have loved every minute I spent working on the barns."

**Liz's Useful Contacts**

- BEACON VIEW and Dale View are to let and sleep six, tel: 01287 660864, www.craghousefarm.co.uk
- Builder, Philip Stonehouse, Castleton, tel: 01287 660716
- Dring stone merchants, www.stonemercantorsyorkshire.co.uk
- BO Concept, sofa, from Redbrick Mill, Batley, www.boconcept.com
- Fabrics from Wath Court Fabrics, Hovingham, www.wathcourtfabrics.co.uk
- Tennants of Leyburn, auction house, www.tennants.co.uk
- Glass from Cowens, Whitby, www.cowenwindows.co.uk
- Wood burning stoves from Town and Country Fires, www.townandcountryfires.co.uk

**“ We tried to keep as many original features as possible. ”**

Liz Nightingale, owner of Beacon View and Dale View.



BARN REBORN: From left, one of the bedrooms with Ikea cabinets painted in Farrow and Ball; the mezzanine above the living area at Dale View; the standing stone that was preserved in the ground floor bedroom.

**Briefing**

Land Registry records price rises

**DATA:** November data from Land Registry's House Price Index shows an annual price increase of 7.1 per cent which takes the average property value in England and Wales to £176,581. House prices were down 0.1 per cent since October. Repossession volumes decreased by 40 per cent in September 2014 to 674 compared with 1,117 a year ago. London saw the greatest increase in its average property value over the last 12 months with a rise of 17.4 per cent. Wales saw the lowest with 1.7 per cent. Yorkshire saw a 2.5 per cent annual rise in prices and repossessions fell by 25 per cent.

First-time buyers on the increase

**CONFIDENCE:** The number of first-time buyers increased by more than a fifth in 2014, according to the annual Halifax First Time Buyer Review. Last year the number of first-time buyers grew by an estimated 22 per cent; similar to the 23 per cent rise in 2013. This was the third successive annual increase. There were an estimated 326,500 first-timers in 2014, up from 268,500 in 2013. This was the highest annual total since 2007 (359,900). Craig McKinlay, Mortgages Director at Halifax, said that improving economic conditions and rising employment levels had boosted confidence among those keen to get on the property ladder.

Brownfield-first approach

**BARRATT:** Barratt: The chief executive of Britain's largest housebuilder described developing on brownfield land as a "crucial part of meeting the growing demand for housing" when he visited a development in West Yorkshire, that has recycled over 90 per cent of the materials that existed on the site. Mark Clare, CEO of Barratt Developments, visited Garnett Wharfe in Otley. Workers at the David Wilson Homes site highlighted how 1,000 tonnes of scrap metal taken from the old mill site was re-used along with 12,000 tonnes of paper pulp. The pulp was taken from the mill's tip and used as a soil improver on the new homes development.

New homes for former school site

**GO-AHEAD:** DEVELOPERS have been given the go-ahead to create an £8m new homes development in Upper Wortley, Leeds, that will see a former school transformed into 49 homes. Rushbond Group and Advent Developments will convert the grade II listed Upper Wortley School building into 13, two and three bedroom houses and build 36 new build family homes in the school's grounds. The development has been named Greenhill Fold in recognition of its local position between the Green Hill and Top Fold areas of Upper Wortley and work is expected to start in the coming months. www.greenhillfold.co.uk

London market set to slow next year

**CAPITAL INVESTMENT:** Carter Jonas predicts that prime central London prices will rise by just one or two per cent next year. Marylebone, and the Nash terraces surrounding Regents Park look set to outperform the rest of the area and this will be compounded by a decrease in available stock, as owners hold on to assets that they perceive will appreciate yet further over the medium term. Mainstream London will rise by between one and four per cent. Prime regional markets, including Yorkshire, are forecast to increase by between four and seven per cent, while rural property will rise by two and five per cent.