

## **Capital taxation and tax-exempt heritage assets - updated guidance**

Synopsis: Buildings, land, works of art and other objects that qualify under the Conditional Exemption Tax Incentive Scheme are exempt from IHT and CGT as long as certain conditions are met.

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Sections 30-35A Inheritance Tax Act 1984 allow some property e.g. land, historic buildings and works of art, to be exempt from inheritance tax (IHT) following the death of the donor (or following a gift). The Treasury must designate the property to be of pre-eminent national, scientific, historic, artistic, architectural or scenic interest.

Certain conditions must be satisfied otherwise IHT will become payable by the donee. The main condition is public access.

There are three categories of public access...

1. Property of the very highest quality, e.g. suitable for display in a national collection, should have 25 days of public access as a "fair starting point".
2. Property of lesser quality than in 1. above should have 25 days of public access as the "preferred access".
3. Property not of a suitable quality to be in a national collection could have a lower level of public access but at least five days would be expected unless there were conservation problems.

A corresponding relief from capital gains tax (CGT) is also potentially available. The relief from CGT takes two forms, either an outright exemption or a deferment of the charge.

HMRC has updated its guidance on what qualifies for the exemptions. Please see [here](#). The 'Eligible buildings' section has been updated to specify the Grade status required for England and Wales is Grade 1 or II\*, or Grade A or B+ for Northern Ireland. The address for making and handling claims for conditional exemption has been updated.

Please see section 3.2 of the [updated guidance](#) for a summary of the rules around the IHT exemption and section 3.21 of the [updated guidance](#) for a summary regarding the CGT reliefs available.

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