



CaSSOA
THE CARAVAN STORAGE
SITE OWNERS' ASSOCIATION



INHERITANCE TAX AND SUCCESSION PLANNING FOR CARAVAN STORAGE SITE OWNERS

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Inheritance Tax and succession planning must be considered by all storage site owners sooner or later. With Inheritance Tax charged at 40% on the value of assets above the current threshold, it is vital to maximise the available reliefs and exemptions. This can help to provide continuity for your business and to prevent your assets from being depleted by an tax bill which may be avoidable.

Passing the business to the next generation

Storage site businesses are often operated by more than one generation in a family. Often the actual land on which the business is run is held by the elder generation who permit the business to use it free of charge. This structure may allow the land owners to retain overall control of the business, but it reduces the tax relief available on the assets when they pass to the next generation.

Changing the way the business assets are held can ensure that they qualify for maximum relief and prevent the business from suffering a potentially crippling Inheritance Tax bill.

A service or investment business?

Storage site owners will be aware that Inheritance Tax relief for business property depends on being able to persuade the Revenue that the storage site business is a true trading business rather than a mere investment business.

At one end of the scale, a large storage site offering a full care package or extensive cleaning or maintenance facilities for its users could be a strong candidate for relief. At the other end, a site offering basic facilities where all income represents storage fees alone would almost certainly be seen by the Revenue as an investment business. Most fall between the two extremes and it is important to examine the business carefully in advance to see if practical changes could help the business to qualify for the relief.

A recent case has raised the bar in deciding the degree and nature of the services which a business needs to provide to qualify for the relief. The case related to furnished holiday lets but it seems certain that the Revenue will seek to apply the principles to storage sites businesses.

More than ever, it is important for storage site owners to take professional advice about Inheritance Tax and succession planning.

What to do...

If you think you may have an Inheritance Tax problem it is important to discuss it sooner rather than later and take advice from specialist lawyers with experience in this area. Putting it off may limit the options available to you.

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