

[Detailed guide: Woodland owners: tax planning](#)

To preserve and protect national heritage for the benefit of the public, the government introduced the 'Conditional Exemption Tax Incentive Scheme'. This offers landowners – including owners of woodland sites – conditional exemption from Inheritance Tax and Capital Gains Tax, providing certain criteria are met.

Buildings, land (including woodland), works of art and other objects that qualify under the scheme might be exempt from Inheritance Tax and Capital Gains Tax. These property types are called 'heritage properties' by HMRC.

Find out if you're eligible

To be eligible you have to own ancient semi-natural woodlands – which are, or could be, included on the inventories of Ancient Woodland kept by Natural England and Scottish Natural Heritage. HMRC will consider your case for conditional exemption from capital taxes based on scientific, scenic or historic value.

If you own other woodlands on ancient woodland sites, such as new plantations, you might qualify for tax relief if your site satisfies the criteria relating to land of outstanding scenic or historic interest.

Find further information in the HMRC publication on [capital taxation and tax-exempt heritage assets](#). Sections 5.7 and 5.8 in chapter 5 of this document explain how woodlands might qualify for tax exemptions.

Capital Gains Tax

A growing timber crop is exempt from Capital Gains Tax (but not the land it grows on), where managed as a commercial investment. [Find out more in HMRC's capital gains manual.](#)

Income Tax

Income from the sale of timber from the ownership of commercial woodlands is exempt from both income and corporation tax. [Find out more in HMRC's business manual.](#)

Stewardship agreements and the Conditional Exemption Tax Incentive Scheme

If your land is currently under either Environmental Stewardship or Countryside Stewardship schemes with Natural England, your grants may be

affected by the Conditional Exemption Tax Incentive Scheme.

Find out more about:

- [Environmental Stewardship for heritage properties](#) – how Environmental Stewardship grants apply to land that is exempt from Inheritance Tax as a heritage property
- [Countryside Stewardship for heritage properties](#) – your options and which capital items are available on land exempt from Inheritance Tax as a heritage property

Find more information on:

- [Inheritance Tax](#)
- [Capital Gains Tax](#)