

[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](#)

[Detailed guide: Cross-compliance for woodland owners and managers](#)

For clarification by the Forestry Commission on cross-compliance and how it affects you as a woodland owner or manager, read [Cross-compliance requirements for forests/woodland: operations note 38](#). This gives you information on:

- cross-compliance in the Common Agricultural Policy (CAP) programme 2014 to 2020 for woodland (forest)
- the two separate sets of standards – specific requirements relating to European Regulations, known as ‘Statutory Management Requirements’ (SMRs) and standards for ‘Good Agricultural and Environmental Condition’ (GAEC) of land
- when and how you need to comply with cross-compliance rules
- which woodland schemes and payments are affected
- breaches and sanctions
- exemptions and derogations

Read broader guidance for farmers and landowners on how you must [follow cross-compliance rules](#) from 1 January 2018 if you claim for the [Basic Payment Scheme \(BPS\)](#), a Countryside Stewardship scheme or the English Woodland Grant Scheme (EWGS).

Find out more about about [Countryside Stewardship and woodland support](#).

[Detailed guide: The Woodland Carbon Code scheme for buyers and landowners](#)

Background

The Woodland Carbon Code (WCC) is the UK's voluntary carbon standard for woodland creation projects. It provides reassurance about the carbon savings that woodland projects may realistically achieve. This government-led scheme provides:

- a high quality, robust voluntary carbon standard
- a transparent UK Woodland Carbon Registry
- robust science to predict and monitor carbon sequestration
- independent validation and verification of projects

This means that:

- carbon buyers have reassurance that they have invested in a responsible scheme and can see the benefits that will be provided
- project developers have recognised procedures and standards to work to, both in terms of woodland management and carbon accounting

Information if you're buying carbon

Woodland Carbon Units from verified WCC projects can help a company compensate for their unavoidable emissions. Projects provide a whole host of benefits for water, biodiversity, communities and the economy as well as sequestering carbon.

Read [WCC guidance](#) on:

- what are Woodland Carbon Units
- why buy WCC-verified carbon units
- where to buy WCC-verified carbon units
- what other companies say

See the [UK Government's Environmental Reporting Guidelines](#), which set out how a company should report their greenhouse gas emissions, and the pamphlet, [Woodland carbon units: buyer's guide](#).

(PDF, 1.89MB, 2 pages)

Case studies

See [examples of buyers who have purchased Woodland Carbon Units](#).

Information if you're a landowner

The WCC is the UK's voluntary carbon standard for woodland creation projects. If you demonstrate that you meet this standard, you can sell the carbon sequestered in your woodland in the form of Woodland Carbon Units.

See the pamphlet,
[Woodland landowner's guide to the WCC](#).
(PDF, 225KB, 2 pages)

See [the steps involved if you are a landowner with a woodland creation project](#), including how to:

- find a project developer
- register your project
- get validated (have your project checked at the outset)
- stay verified (have your project checked to show progress)

The WCC and other grant and funding schemes

If you apply for registration with the WCC you are not excluded from applying for Forestry Commission grant and funding schemes:

Find out about your eligibility for:

- [Woodland Carbon Fund](#)
- [Countryside Stewardship: woodland support](#)
- [Woodland Creation Planning Grants](#)
- [Woodland Research and Development Grant](#)
- HS2 Woodland Fund

Case studies

See [examples of WCC projects](#).

The UK Woodland Carbon Registry

The [UK Woodland Carbon Registry](#) holds details of WCC projects, and tracks the issuance, ownership and use of carbon credits. You can use it to look up a project or to see who has purchased carbon units from WCC projects.

Woodland Carbon Code contact details

Email enquiries: climatechange@forestry.gov.uk

Find [regional contact details for the WCC team](#), nationally and regionally.

[Detailed guide: Woodland Research and Development Grant](#)

Organisations and businesses intending to innovate and develop new processes or technologies for the forestry sector in England can apply to the Forestry Commission for this grant, which is part of the Forestry Innovation Fund, along with the [Woodland Creation Planning Grant \(WCPG\)](#).

The Research and Development Grant (RDG) is a one-off grant that funds a maximum of 6 projects up to a total cost of £50,000 each.

The RDG is now closed for new applications.

How it works

Stage 1

You need to submit an expression of interest containing details of your proposed project, outlining:

- what's innovative about your project – this can be at the global level, so completely unique, or it can apply developments from a different sector or country to benefit UK forestry, and may include an element of original research
- how it fits with the objectives of the scheme (to target opportunities for significant changes in productivity and substantial potential to encourage growth in any part of the forestry sector)

The first stage will ensure proposals are eligible and within scope of the fund.

You can no longer submit an expression of interest for funding in 2018. If the Forestry Commission invited you to make a full application you must have done so by 1 June 2018.

Stage 2

When the Forestry Commission has assessed expressions of interest, it may invite you to submit a full application.

You need to outline the:

- need, challenge or opportunity behind your innovation
- approach you intend to take, including the focus of the innovation

- project team and their roles
- target market
- possible impact of the project outside the project team
- management plans
- main risks
- planned impact of an injection of public funding on the project
- costs and how the project represents value for money for the team and the taxpayer

You need to give full:

- project costs
- organisational details
- funding details for each organisation involved (if this applies)

You will have been notified of the RDG funding decision by 6 July 2018. If you were successful then you must complete the project within 9 months, and by 31 March 2019.

Payments and claim forms

If you're successful, you'll be sent a claim form with your agreement. Payments can be made in 2 instalments. You can claim the first instalment for half of the funding when the project is at the halfway point. You can claim the second (final) instalment for the remaining half of the funding on completion.

You must submit the final claim before 31 March 2019 with evidence of expenditure, as set out on the claim form.

Contact the Forestry Commission

Contact the Forestry Innovation Fund team for more information:
rdg@forestry.gsi.gov.uk

Find out how to make a [complaint or appeal](#).

Forest Research

The research agency of the Forestry Commission offers a range of services to [help with pest and disease control](#), and also offers resources such as [publications, statistics and datasets](#).

Detailed guide: Environmental Impact Assessments for woodland: overview

The Forestry Commission is responsible for administering the Environmental Impact Assessment (Forestry) (England and Wales) Regulations 1999, as amended.

These regulations affect 4 forestry projects. These are:

- afforestation: creating new woodland, including by use of direct seeding or natural regeneration processes, planting of Christmas trees or planting of short rotation coppice
- deforestation: felling trees to use the land for a different purpose
- forest roads: the formation, alteration or maintenance of private ways on land used (or to be used) for forestry purposes, including roads within a forest or leading to one
- forestry quarries: quarrying to obtain materials required for forest roadworks on land that is used or will be used for forestry purposes, or on land held or occupied with that land

Forestry projects and thresholds

The regulations give each of these projects a range of area thresholds depending on sensitivity to environmental impact. Lower thresholds are given for projects that lie within sensitive areas, such as a National Park or Area of Outstanding Natural Beauty (AONB).

Use the threshold information to work out if you're exempt from needing a Forestry Commission EIA decision all together or if you need:

- to give notification (basic or full)
- to get an opinion

The Forestry Commission will respond with a decision and you may need to apply for consent to carry out your work. Where you need a decision from the Forestry Commission, you must not carry out any work until you have received that decision.

[Find out more about giving notification, requesting our opinion and applying for consent.](#)

Each of the 4 projects have thresholds tables that the Forestry Commission uses to understand the scale of your work. You must check the thresholds table to work out if you need an EIA.

[See this thresholds table, guidance and EIA enquiry form if you're planning to create new woodland.](#)

[See this thresholds table, guidance and EIA enquiry form if you're planning to fell trees in order to permanently remove woodland cover and change land use.](#)

[See this thresholds table, guidance and EIA enquiry form if you're planning work on roads or quarries to be used for woodland and forestry purposes.](#)

EIA enquiries

To help with our decision, we need you to complete an EIA enquiry form, along with a plan or map of the project area and any other relevant information that you've gathered about the site and from stakeholders.

The enquiry form to use will depend on whether the forestry project that you're proposing involves creating new woodland, felling trees for deforestation, or working on roads and/or quarries – see the guidance listed above.

Notification

If your forestry project is afforestation (woodland creation), small scale in nature and/or located within a low risk area, you may simply be able to notify us of your proposal using the EIA enquiry form to get our decision.

Grant applications for woodland creation

If you're applying for a Forestry Commission grant for woodland creation then you may not be required to submit an EIA Enquiry Form, as the information provided in your grant application may meet the Forestry Commission's requirements to assess environmental impact.

Applying for consent

If our opinion is that the proposed project is a relevant project under the regulations, and that it will have a significant impact on the environment, then you must get our consent for the work before you start. Your application will need to include an Environmental Statement. You can find guidance on scoping and preparing an Environmental Statement below, under 'Further information'.

In some cases, we may ask for more information before we can make this decision. The Forestry Commission will write to you detailing which information is required, and will wait for you to provide that information before proceeding with our decision.

Penalties and Enforcement Notices

If the Forestry Commission discovers that you're carrying out work subject to EIA regulations without consent, or that you've breached the terms of a previously granted consent, we may serve an Enforcement Notice.

Who can be served an Enforcement Notice

An Enforcement Notice can be served on:

- the person carrying out the work, possibly the contractor
- the land owner
- any other people who have sufficient interest in the property (allowing them to carry out the work without the need to get permission from anyone else)

Further information

You can find out more about the process with the:

- [EIA screening guidance](#)
(PDF, 942KB, 21 pages)
- [EIA scoping and Environmental Statement guidance](#)
(PDF, 652KB, 31 pages)

if you're applying for consent

If you have any questions, you can [contact your nearest Forestry Commission area office](#).