

Do Not Underestimate the Power and Importance of the District Valuer!

By Julie Butler

The District Valuer (DV) is not just the man who visits the property to check the validity of the Inheritance Tax (IHT) valuations; there is much more to the DV role.

Inheritance Tax

The DV has the task of ensuring the correct IHT market value is applied i.e. willing buyer and willing seller has been used for probate purposes and for gifts, but what else?

- The use of buildings – agriculture or non-agriculture?
- The development value of the land – hope value
- The reduction in house or land value due to tenancy
- The value and commerciality of woodland
- Tenancies as an interest in land and business valuation
- The marriage value of land
- Capital gains tax apportionment and base cost
- Principal private residence relief – size of garden if more than half hectare
- Related property

The Capital Taxes Office (CTO) will rely heavily on the findings of the DV and the results of the physical inspection regarding the agricultural and commercial activity.

Who Attends the DV Visit?

The first question is perhaps who prepares the property/site for the visit? The next question is therefore, who attends the DV visit? In practice this can range from the lawyer handling the probate, inexperienced executors who are family members, land agents and

accountants but do they understand the importance of not putting the tax reliefs at risk?

Essentially the DV visit is part of a “tax enquiry” – CTO are assessing the cost of visit with a view to a possible “tax take”. The potential tax liability has to be risk assessed. There must be strategy for the visit and who will handle the questions asked during the meeting as these will impact on negotiations.

DV Negotiations – The Strategy

Who will conduct the DV negotiations?

The land or estate agent? The solicitor handling the probate? Or will the matter be transferred to a dedicated enquiry specialist with DV debate experience? Perhaps, as with the visit if the “tax risk” is high, a combination of the above advisers should be involved.

The obvious choice is the property agent who produced the original valuation, who should be experienced in valuations, should have complied with the “red book” (the RICS guideline) and be mindful of areas that the DV will try and focus on to reduce tax relief.

For the visit and negotiations to be the sole responsibility of the property agent it is clear that the property agent must understand all the basic tax implications, not just at death but at the planning stage of the strategy and possibly the tax planning before death.

Practical Tip



It can be argued the “tax take” on property IHT and CGT issues can be very attractive to the taxman. Many property transactions are worth several £millions and there is scope for the taxman to collect considerable tax. The full powers of the DV must be understood and respected, and a tax protection strategy put in place.

Note to diary: the DV commands great respect!