

50. Grant of an agricultural tenancy

Provided that the grant of an agricultural tenancy is made for full consideration (section 16, IHTA 1984), it is considered not to be a transfer of value for inheritance tax. However, practitioners and clients must be aware this is a provision which is applied strictly. If the rent charged is even slightly less than a market rent, then the exemption does not apply. Clients who feel sorry for potential tenants and reduce the price of the tenancy do so at the risk of losing this exemption. The interaction of the farming crisis and tax relief do not allow for landlords to have any room for sympathy!

Contributed by Julie Butler, Butler & Co, Hampshire.

Value added tax**52. Brochures as business gifts**

The judgment in *Commissioners of Customs and Excise v West Herts College* STC [2001] 1245 is intriguing. The College was mainly making exempt educational supplies, but apparently made some taxable supplies as well. It was registered for VAT, but was partially exempt. It produced a prospectus setting out the services that it could provide, and incurred VAT input tax on the design services associated with this. For a number of years the VAT on the design services had been treated as residual, and some small part of it reclaimed. The College took the