Joint statement by the Duchy of Cornwall estate and The Treasury on tax and the marketplace

The Treasury and the Duchy of Cornwall estate do not believe that the Duchy's tax status impacts on the marketplace.

The Duke is currently taxed at 45% marginal income tax rate, and pays tax on his income from the Duchy as agreed within the Memorandum of Understanding with HMRC renewed as recently as March 2013.

The Duchy estate is neither a corporation nor a property trader, and the vast majority of its property holdings are held for the long term as core holdings. All of the capital proceeds realised from the Duchy`s property sales must be reinvested within the business, and are not distributable.

Many other commercial property organisations have a broadly comparable tax treatment to the Duchy estate. For example Real Estate Investment Trusts (REIT), which are a commonly used property vehicle, exempt capital gains from tax and treat the investor as taxable on the income (as HRH is treated).

Turning to recent transactions, the Duchy has sold only 11 properties during the last 3 years at over £500,000, together with completing various land sales at Poundbury, Dorset. All of the properties were either sold on the open market or to tenants as part of a property reorganisation at a market price. The Duchy has offices located within close proximity to the properties which it owns and has very good knowledge of local market prices. External agents are employed to market the majority of property sales. Land disposals at Poundbury are negotiated at market value and tendered on a regular open book, basis, including overage arrangements, so that best prices are achieved.

The Duchy has only acquired one property over £500,000 in the last 3 years which was purchased on the open market. From the expenditure perspective there have been several major property improvement works all of which were tendered in the open market.

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