

## BNG update – BNG and tax implications: Government call for evidence

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Further to our [recent article](#), Biodiversity Net Gain (“BNG”) is a concept that aims to leave the natural environment in a measurably better state than it was in beforehand - and is expected to become a lawful requirement for major developments later this year (November 2023).

Browne Jacobson have been monitoring developments closely, and note the Government’s [taxation of environmental land management and ecosystem service markets - Consultation and call for evidence on selected tax issues](#) is now live.

The outcome of this consultation could potentially be significant for landowners seeking to deliver BNG on their land – as concerns have previously been expressed on the tax implications that could arise when land is committed long term (30+ years) to deliver BNG. (The outcome could also be significant for other environmental markets or land management schemes).

Interestingly, the [BNG consultation response](#) published by the Government last month did confirm that “*Work is underway to provide guidance on the tax implications for habitat creation or enhancement*”, and it would appear that this newly released consultation and call for evidence is part of the work alluded to.

The consultation and call for evidence states: “*The government has supported the development of robust market mechanisms for investing in nature. This includes established schemes like the UK Woodland Carbon Code and UK Peatland Code as well as the forthcoming Biodiversity Net Gain scheme for England... As nature markets grow in maturity and scale with a range of new projects, there will be uncertainties which arise in respect of their taxation, such as the interaction of existing rules on the taxation of farming and woodlands, or questions which arise from the taxation of land use... The scope of the call for evidence is predominantly on the production and sale of units which are generated by ecosystem service projects, rather than any potential secondary market tax issues*”.

Full details of the consultation and how to submit a response can be found [here](#).

### Key contact



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