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Bloodstock Valuation of Foals

Part 23 Chapter 1 Taxes Consolidation Act 1997

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1. Introduction

This manual explains how foals should be valued as trading stock

2. Method of Valuation

The value of a foal will normally be made up of the following ingredients: -

- (a) Stud fee or cost of nomination in respect of the stallion servicing the mare.
- (b) The cost of maintenance of the mare while at stud, and while the mare is carrying the foal.
- (c) The cost of carriage of the mare to and from the stud.
- (d) Tips to grooms, if given.
- (e) Insurance of mare while at stud, during carriage to and from stud and while carrying the foal.
- (f) Cost of maintenance and insurance of foal during its first year, as a yearling and as a two-year old if it is maintained by the breeder during that period.

3. Stud Fees - own sire

Where the owner of a stallion sends a mare of his own to the stallion the advertised cost of the stallion's stud fee should be included at 1(a) above.

4. Stud fees - syndicated stallion

Due to the high cost of a bloodstock stallion, most stallions are currently owned in syndicate. In the majority of cases many of the members of the syndicate do not send mares to the stallion and there is a ready market in the nominations. The cost of a nomination is advertised in the same manner as a stud fee and in effect there is little difference between an advertised stud fee and an advertised cost of nomination. Accordingly, where a member of a syndicate instead of selling his nomination uses it to send a mare of his own to the stallion, the advertised cost of the nomination is to be included at 1(a).

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It is stressed that the treatment referred to in this paragraph only applies where there is an advertised cost of nomination. If there is no advertised cost, the amount to be included at 1(a) is the proportion of the syndicate expenses borne by the shareholder for the period in which the mare was serviced. If the shareholder holds more than one share only the expenses attributable to the share by virtue of which the mare was serviced should be allowed.

5. Mare bought in foal

Where a mare is purchased in foal the advertised stud fee or cost of nomination and a sum for maintenance and expenses should be deducted from the cost price of the mare to give the initial cost of the foal.