

30 DAYS TO PAY CAPITAL GAINS TAX ON PROPERTY SALE COMPLETION HAS NOW BEEN EXTENDED TO 60 DAYS - WE CAN HELP YOU WITH THIS



As announced in the October 2021 Budget, disposals of all UK residential properties that create a taxable gain for Capital Gains Tax (CGT) purposes, will have to be reported to HMRC within 60 days of the disposal. Any CGT payable will have to be paid over to HMRC in the same 60 days window. Generally, this will include sales of second homes and buy-to-let properties and UK residents disposing of a mixed use property (but only the portion of the gain that is the residential property gain is required to be reported).

What if my client sells a property and does not make a taxable profit?

The 60 day disclosure deadline only applies to property disposals that create a taxable gain. If your client sells a buy-to-let property and makes a loss on sale they will not have to make a return within the 60 day window. This is the case when the seller is a UK tax resident. The rules are slightly different when the seller is a non-UK resident. We can assist in both cases.

Every client is different and hence why it is important that advise needs to be sought in plenty of time. It's worth noting that where a CGT payment is required within 60 days and no submission is made, HMRC will penalise your client.

Penalties

A summary of the penalties enforced when the return is late are as follows:

- Up to 6 months late, penalty of £100
- More than 6 months late, a further penalty of £300 or 5% of any tax due, whichever is greater
- More than 12 months late, a further penalty of £300 or 5% of any tax due, whichever is greater

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When to contact us and how we can help

We can help you and your client meet the 60 day deadline if we have the required information about the disposal of the sale.

The stepped approach set out below is our suggested, and recommended timeline for gathering and reporting each gain to ensure no penalties are enforced:

1. Prior to the completion date, advise us which property is to be sold and the estimated selling price and sales costs.
2. Retain additional information from yourselves or the client in respect of the purchase price, and any capital improvements made to the property.
3. We will use this information to prepare a draft computation and advise you and your client of the possible CGT payable 60 days after the sale completes.
4. When the sale does complete, we can then adjust the numbers for any final changes in the sale particulars and agree the computations.
5. Once agreed, we can file the CGT computation with HMRC and advise your client when and how the tax should be paid.

Next Steps

To understand the tax implications and to meet these reporting regulations, we will together need to move relatively quickly to meet the 60 day deadline. Therefore, contact us immediately if your client is planning to sell.

Call a member of our tax team on **01753 888211** or email **info@nhllp.com** we would be happy to assist.

If you would like to send information onto your clients regarding this 60 day CGT reporting, we have created a client friendly version of this Broadcast.

Please email our marketing team on **mail@nhllp.com** and they will forward you a copy.