

UK PROPERTY DISPOSALS RECENT CAPITAL GAINS TAX CHANGES: APRIL 2020



Capital Gains Tax (CGT) for the disposals of UK Residential property has changed significantly over the last few years. Here we look at the recent changes CGT on the disposal of residential property for UK and non-UK residents.

What is the issue?

On 6th April changes were made to CGT payable on UK residential property. Where CGT is due on residential property disposals, a return will need to be filed, and the 'notional CGT' due must be paid within 30 days of the date of completion.

The taxpayer, or their agent, will complete a new online return to report the CGT due within the 30 days. This new online system is currently being tested by HMRC.

The new online CGT reporting system will be open to us as your agents to use, but you will need a separate agent authorisation to use the service on your behalf, as the authorisation to act for income tax will not be sufficient.

What does this mean?

The new legislation deals with both UK resident individuals and non-resident persons, but there are differences between these two categories of taxpayer and it is helpful to consider them separately.

Rather than thinking about an annual compliance process, property owners need to have their records up to date in advance of each individual sale so that the 30-day deadline can be met and penalty charges avoided.

They will need to make sure that full property details are all readily to hand including the date and costs of acquisition and details of any improvements made over the period of ownership. In some cases, professional valuations may be needed.

Calculating the CGT due to HMRC will require the property owner to make a reasonable estimate of the tax payable; this is because the rate of CGT depends on their income in the whole tax year, which may still have many months to run.

How do I know what to do next?

Awareness and understanding of these changes for taxpayers can be confusing and complex. To save you being caught out we are here to help you fully understand the fundamental facts in greater detail when disposing of UK property. We are also here to assist you in deciding your next course of action. To assist you, we have created a visual summary below to outline these changes.

We have broken this down for UK Residents pre-April 2020 and post; we have then done the same for Non-Residents.

UK LAND DISPOSALS 2019/20

UK RESIDENT		
	Individual / Trustee	Company
Reporting Requirement	In SA return	CT Return
Reporting Deadline	31 st Jan following tax year end	12 months from end of accounting period
Tax Due Date	31 st Jan following tax year end	9 months 1 day from end of AP/ QIP regime
Rate of Tax	18 / 28%	19% (assumed)

NEW UK LAND DISPOSALS

UK RESIDENT		
	Individual / Trustee	Company
Reporting Requirement	UK land Return	CT Return
Reporting Deadline	30 days from completion	12 months from end of accounting period
Tax Due Date	30 days from completion	9 months 1 day from end of AP/ QIP regime
Rate of Tax	18 / 28%	19% (assumed)

UK LAND DISPOSALS 2019/20

	NON-UK RESIDENT							
	Individual / Trustee				Company			
	In Self Assessment		Not in Self Assessment		In self Assessment		Not in Self Assessment	
	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial
Reporting Requirement	In SA return	UK Land Return	UK Land Return	UK Land Return	In SA Return	UK Land Return	UK Land Return	UK Land Return
Reporting Deadline	31st Jan following Tax end Year	30 days from completion	30 days From completion	30 days From completion	31 st Jan following tax year end	30 days From completion	30 days From completion	30 days From completion
Tax Date Due	31st Jan following Tax end Year	30 days from completion	30 days From completion	30 days From completion	31 st Jan following tax year end	30 days From completion	30 days From completion	30 days From completion
Rate of Tax	18% / 28%	18 / 28%	18 / 28%	18 / 28%	19% (assumed)	19% (assumed)	19% (assumed)	19% (assumed)

NEW UK LAND DISPOSALS

	NON-UK RESIDENT							
	Individual / Trustee				Company			
	In Self Assessment		Not in Self Assessment		In self Assessment		Not in Self Assessment	
	Residential	Commercial	Residential	Commercial	Residential	Commercial	Residential	Commercial
Reporting Requirement	UK Land Return	UK Land Return	UK Land Return	UK Land Return	UK Land Return	UK Land Return	UK Land Return	UK Land Return
Reporting Deadline	30 days from completion	30 days from completion	30 days From completion	30 days From completion	30 days From completion	30 days From completion	30 days From completion	30 days From completion
Tax Date Due	30 days rom completion	30 days from completion	30 days From completion	30 days From completion	30 days From completion	30 days From completion	30 days From completion	30 days From completion
Rate of Tax	18% / 28%	18 / 28%	18 / 28%	18 / 28%	19% (assumed)	19% (assumed)	19% (assumed)	19% (assumed)

If you need any further information surrounding any of these recent changes, please call us on **01753 888211** or email **info@nhllp.com** to discuss this further. We would be delighted to advise you on your best plan of action for your needs.