

Changes to Capital Gains Tax payments – residential property

30 April 2020

PAYMENT WINDOW FOR RESIDENTIAL PROPERTY GAINS

These provisions were introduced in Finance Act 2019 applied to non-UK resident taxpayers since 6 April 2019 and apply to UK residents from 6 April 2020.

UK resident taxpayers have, historically, reported the disposal of UK residential property through a Self Assessment tax return, and then paid any tax due by 31 January following the end of the tax year of disposal.

Under the new rules, vendors will in some cases need to make a return to HMRC and pay any CGT arising within 30 days of the date of completion. The new payment and reporting deadlines apply to individuals, trustees and personal representatives.

For non-UK resident individuals and trusts, the provisions apply to all direct and indirect disposals of UK land and property (including both commercial and residential), whether or not a capital gain arises.

A return will not be required where the gain on the disposal is not chargeable to CGT, for example where sufficient capital losses are available to offset against the gain or where Principal Private Residence relief reduces the gain to less than the annual exemption.

Returns are also not required where the disposal is by virtue of a trading transaction or by the Transactions in Land provisions. The nature of the disposal will need to be carefully considered prior the completion of any potential property sale as there is now the potential of a late filing penalty where it is concluded the transaction meets these criteria.

Returns will also not be required where a contract for sale has been agreed before 6 April 2020.

HMRC have opened a new online filing service for taxpayers to report these disposals. This service also replaces the previous reporting service for non-resident CGT returns.

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