



## Tax payment changes on property sales

**Changes to the way capital gains tax (CGT) works for property disposals are impacting both UK-resident and non-resident owners**

The deadline for reporting and paying capital gains tax (CGT) connected with the disposal of property and land in the UK has been extended from 30 days to 60 days.

Announced in the government's autumn budget, the time extension applies to all reporting and disposals of CGT-liable property made by UK residents on residential property from 27 October 2021 onwards.

The extension also applies to all UK land disposals from 27 October 2021 by non-residents on direct and indirect disposals irrespective of whether tax is due.

If a mixed-use property is sold by a UK resident, the 60-day rule only applies to the residential element of the gain. However, as before, CGT does not apply to UK residents selling their primary residence.

But for property sales where CGT is applicable, taxpayers now have more time to report and pay and, if necessary, get advice. The change recognises that the previous 30-day CGT reporting and settlement window was challenging to meet in practical terms due to the various and often lengthy administrative processes connected with paying CGT.

The tax allowance of £12,300 against CGT remains unchanged for the 2021/2 and 2022/3 tax years. There is also no change to the 18% payable on gains on residential properties for lower-rate taxpayers and 28% for higher rate payers, nor to the respective 10% and 20% rates payable on gains from commercial property sales.

### Rebasing property values

For non-residents selling UK property however, it's worth remembering CGT is only charged on any gain made since 6 April 2015 for residential properties and from 6 April 2019 on all direct and indirect disposals of UK land.

Therefore, it is important to have an accurate valuation record of the property on those dates. The most effective way to achieve that is to get a retrospective valuation from a registered professional surveyor. While it involves a fee, it is more likely to be accepted by HMRC.

It's also possible to get free valuations from estate agents, but this carries greater risk of an HMRC challenge.

### Lettings relief changes

Significant changes have also been made to the 'lettings relief' applied to the disposal of rented properties.

Previously, owners could qualify for the relief by temporarily 'electing' the property as their Principle Private Residence with HMRC – a process known as flipping – thereby benefiting from a significant reduction in CGT liability upon disposal.

Since April 2020, under the new rules, relief can only be claimed by an owner selling a property if they live in it at the same time as their tenants when it is nominated as their main home.

**If you would like advice on how the changes to the CGT rules might impact you, please get in touch with us.**

## Protection against the cost of tax enquiries

**For a modest annual charge, our tax investigations service gives you peace of mind that, in the event of an HMRC enquiry, you're protected against the professional costs associated with our support.**

Tax enquiries are taking more time to deal with and becoming costly as a result. Yet the cost of not defending enquiries properly can be huge.

Tax investigations can happen to anyone, whether you're an individual or a business, and regardless of how good your records are. Some investigations are simply random.

HMRC has access to data from many sources, including banks and building societies, property-based information, HM Land Registry, letting agents, mortgage applications, DVLA and foreign data from overseas tax authorities. Even if you've done nothing wrong, you can be selected.

Although we can't completely take away the stress and anxiety of being under investigation, we can protect you from our professional costs and work to achieve the best outcome for you.

**More information at:**

<https://tinyurl.com/45hyemwd>