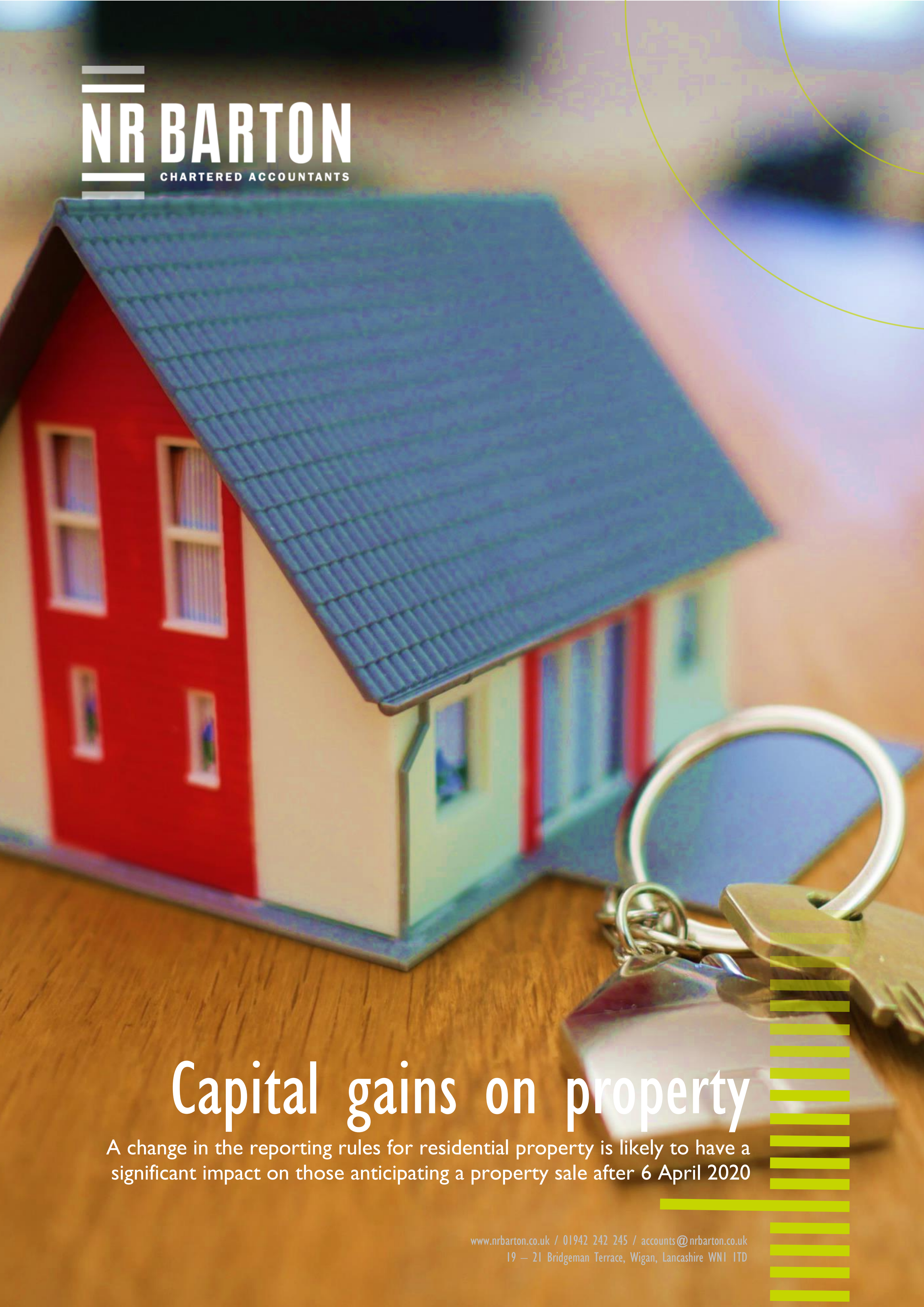

NR BARTON

CHARTERED ACCOUNTANTS

Capital gains on property

A change in the reporting rules for residential property is likely to have a significant impact on those anticipating a property sale after 6 April 2020

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Capital gains on property

New rules affect residential property sales from 6 April 2020

The rules regarding reporting a capital gain on a residential property are changing, in particular the deadlines for reporting the gain are getting shorter.

Anyone anticipating the sale of a residential property on which a capital gains tax (CGT) charge may apply are advised to consider the changes to the reporting and payment of this CGT charge from 6 April 2020.

In a bid to tighten up reporting of capital gains, the general rule will be that for relevant disposals on or after 6 April 2020 a return in respect of the disposal must be delivered to HMRC within a 'payment window' of 30 days following the completion of the disposal.

A payment on account of the expected tax is also required to be made at the same time.

The self-assessed calculation of the amount payable on account will take into consideration unused losses and the individuals's annual exempt amount.

The applicable rate of tax for individuals, i.e. basic, higher or additional rate, is determined after making a reasonable estimate of the amount of taxable income for the year.

Gains on disposals reported on the new return can be ignored when determining whether to register for self-assessment. Enquiries into the return will be able to be made separately from any self-assessment return that may be due.

For disposals by UK residents, the new reporting and payment requirements will not apply where the gain on the disposal is not chargeable to CGT. This will include, for example, where the gains are covered by private residence relief, unused losses or the annual exempt amount.

"For relevant disposals on or after 6 April 2020 a return in respect of the disposal must be delivered to HMRC within a 'payment window' of 30 days following the completion of the disposal."

Gains that arise from the disposal of a foreign residential property in a country covered by a CGT double taxation agreement, or arise to a person taxed on the remittance basis are also covered by the exemption from reporting.

This is a significant change to the current regime and will require taxpayers and their advisers to gather data, calculate and report the relevant gains within the 30 day reporting window.

Readers who are contemplating the sale of a residential property that may trigger a CGT charge are advised to consider the impact of this change, in particular the 30 day window for reporting and payment, and make an informed decision accordingly.

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