

New 30-Day Capital Gains Tax Deadline Relaxed for UK Residents

From 6 April 2020, a new 30-day deadline for reporting and paying any capital gains tax (CGT) was introduced for UK residents on the disposal of UK residential property. Prior to this date, a UK resident individual would report the gain on their tax return and pay the tax by the normal tax return filing and payment deadline (31st January following the end of the tax year in which the disposal took place).

The new 30-day deadline does not apply to disposals of UK commercial property by UK resident individuals, or to UK residential property disposals where no chargeable gain arises.

A 30-day reporting deadline was already in place for non-UK resident individuals disposing of UK residential property and, for such individuals, the 30-day deadline has now been extended to commercial property disposals and indirect disposals of all UK property (e.g. sales of shares in companies holding UK real estate). Previously, non-resident individuals in the self-assessment system could defer paying the tax until the normal self-assessment payment deadline, although they were still required to submit an online report within the 30-day deadline.

Non-resident companies are now within the corporation tax regime in relation to disposals of UK real estate. Please contact us for further information on this subject.

Under the new rules, gains must be reported via HMRC's new online service, and the tax paid, within 30 calendar days from the date of completion.

The advance tax payment is to be treated as a payment on account. Where an individual is already within the self-assessment system, the gain will still need to be reported on their tax return for the year and any overpayment or underpayment of tax will be dealt with through the tax return process.

Where an individual does not normally complete tax returns, they will not be required to do so solely on account of the property disposal. However, if they have any other income or gains during the tax year, they are likely to be required to file a return.

UK Residents

For UK residents, the changes to the filing and payment deadlines only apply to UK residential property.

The new 30-day filing and payment deadline does not apply if no gain arises. This might be the case if the property has been the owner's main residence since the date of acquisition and the entire gain is reduced to nil under the Principal Residence Relief (PRR) rules, or where the transfer is made to a spouse or civil partner, or the gain is within the CGT annual exemption.

Where a chargeable gain arises that is not fully relieved under PRR (for example, if a portion of the property was let out, or if the owner did not occupy the property as a main residence for certain periods of time), the gain will need to be reported, and the tax paid, within the 30 days.



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HMRC has indicated in their fact sheet on the CGT filing and payment rules that the 30 day deadline is to be applied lightly for the first three months in order to allow people to adjust to the change in the rules.

In the Q&A section of the factsheet they state that they will not issue late filing penalties for CGT payment on account returns received late up to and including 31 July 2020. This means transactions completed between 6 April and 30 June 2020 and reported up to 31 July 2020.

Although late penalties will not be changed, interest will accrue as normal.

Transactions completed from 1 July 2020 onwards will receive a late filing penalty if they are not reported within 30 calendar days.

Where a UK resident makes a disposal of UK commercial property, the usual self-assessment deadlines apply.

Disposals of property situated outside the UK do not fall within these rules and should be reported via the individual's tax return. Where the individual is UK resident but non-UK domiciled, the remittance basis of taxation may apply and professional advice should be taken to determine the extent of any tax liability.

Non-UK Residents

Non-UK residents must continue to report disposals of interests in UK property within 30 days of completion even if there is no CGT liability. This includes disposals of both residential and commercial property and indirect disposals of residential and commercial property.

Non-UK residents no longer have the option of deferring payment of CGT via a tax return. The tax must be paid within the 30 day deadline. The new online service will also be available for non-residents to use.

The relaxation of penalties for the first three months does not apply to non-UK residents as the 30 day reporting and payment obligations for such individuals is not new.

How we can help

Verfides can assist individuals with calculating capital gains tax liabilities and preparing and filing the online returns, as well as self-assessment tax returns. We can also advise on any reliefs that may be available. We offer a full spectrum of tax advice for individuals and companies, both UK resident and non-UK resident on all aspects of UK tax planning.

May 2020

This document has been prepared as a general guide and is based on the latest legislation and case law. Whilst every care has been taken in its preparation, Verfides cannot accept any responsibility for any person relying on this publication. Professional advice should be obtained before undertaking transactions and Verfides will be pleased to provide such advice where appropriate.