

UPDATE

Tax changes when selling property

From 27 October 2021 CGT UK Property Disposal Returns and related CGT Payments to HMRC are now due within 60 days of Completion



A new timeframe was announced by Chancellor Rishi Sunak in the 2021 Autumn Budget.

The extension of 30 days to 60 days is good news for both taxpayers and their advisors. The previous 30 day deadline proved challenging in practice with many taxpayers experiencing difficulties in finalising their return and making payment by the deadline.

UK Resident Taxpayer

Disposal of **UK residential property** where capital gains tax is due - a CGT UK Property Disposal Return must be filed, together with a payment of the capital gains tax, **within 60 days** of the date of completion of the transaction.

Non-UK Resident Taxpayer

Direct and indirect disposals of **any land or property in the UK** (not just residential property) regardless of whether there is any capital gains tax payable - a CGT UK Property Disposal Return must be filed, and any capital gains tax paid, **within 60 days** of completion of the transaction.

If completion takes place on or before 26th October 2021, the 30 day rule still applies. Taxpayer includes an individual, trustee, personal representative and partner in a partnership, as applicable.

Relevant UK Disposals

- ◇ A sale of property at arms length
- ◇ A gift, transfer or deemed disposal
- ◇ A sale at undervalue

Examples of UK Property*

- ◇ Property that has not been the taxpayer's main residence for the whole period of ownership
- ◇ Holiday home
- ◇ Rental property
- ◇ Mixed residential and commercial property
- ◇ Commercial property (non-UK resident taxpayer only)
- ◇ Land (non-UK resident taxpayer only)

* includes direct and indirect disposals where applicable



Penalties

Where the Return is not filed within 60 days (previously 30 days) of completion an automatic £100 late filing penalty will apply.

Additional penalties arise as follows:

- ◇ Filed more than 6 months late - £300, or 5% of any tax due if greater
- ◇ Filed more than 12 months late - a further £300, or 5% of any tax due if greater

Late payment penalties and interest may also apply to any unpaid capital gains tax. A taxpayer can appeal the penalties if they have a reasonable excuse.

Your GMcG Team

GMcG's Tax Team has extensive experience in dealing with CGT UK Property Disposal Returns and providing assistance and advice on all Tax matters related to the sale or disposal of a property.

For more information, do not hesitate to get in touch with your usual GMcG contact or any member of our team listed below.



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