

Reporting Your Capital Gains Tax on Residential Property

Record numbers of people are now being charged penalties and interest by HMRC for the late filing and payment of UK residential property CGT returns. We have found that taxpayers are simply unaware of their obligations in relation to this deadline which was introduced in April 2020.

The new rules

If you sold or disposed of (i.e., stopped owning) a residential property in the UK on or after 6 April 2020 then you must report and pay any Capital Gains Tax arising within:

- 60 days of selling the property if the completion date was on or after 27 October 2021
- 30 days of selling the property if the completion date was between 6 April 2020 and 26 October 2021

Note that this report is required in addition to putting the information of your self-assessment tax return.

If you're a UK resident, you do not need to report your gains if your total gains are less than the annual tax-free allowance which is £12,300 for the 2022/23 tax year.

If you are not a UK resident, then you are required to report all disposals of UK property whether or not they realise a gain.

How do I report to HMRC?

Reporting must be done online (unless you are digitally excluded) and if the property was jointly owned then a report must be made for each owner. Note that each UK resident owner should be entitled to the annual tax-free allowance.

You will need to set up a Capital Gains Tax on UK Property account with HMRC before you can submit a report, but this is a fairly simple task, and it shouldn't take long to get your account up and running. To make the report, you will need to have the following information to hand.

- Address and postcode of the property
- Date you started owning the property (e.g., purchase date or inheritance date)
- Date you exchanged contracts when you were selling (or disposing of) the property
- Completion date
- Value of the property when you started owning the property
- Value of the property when you sold or disposed of it
- Any costs in relation to buying, selling, or making capital improvements to the property
- Details of any tax reliefs, allowances, or exemptions you're entitled to claim (e.g., lettings relief, principal private residence relief)
- Property type if you are not a UK resident

Don't forget to include the capital gain when you do your self-assessment tax return for the year!

Note that it is always best to take professional advice from an accountant when calculating your capital gain. For example, there are strict rules as to what is deemed to be an improvement cost. There may also be reliefs that you are entitled to use to reduce your capital gain.

Contact us:

If you need help with the reporting of your Capital Gains Tax, please get in touch. You may also want to check out our guide on Buy-To-Lets, which can be found in the knowledge area of our website.

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