



Private Client Matters

The new CGT 30 day deadline



United Kingdom (UK) residents face 30-day deadline to report Capital Gains Tax (CGT) on disposal of UK residential property.

Kevin Bell, tax partner and Susan Smyth, tax director, KPMG Belfast, report that new rules come into effect from 6 April 2020 which change the reporting and payment of CGT in the UK on UK residential property disposals by UK residents.

The impact of the changes has been lessened by the effect of COVID-19 on the residential property market but, as the market starts up again, those planning to make disposals of UK residential property should be aware of revised deadlines for filing a tax return and paying CGT on these disposals. The new rules will significantly reduce the time for paying CGT as well as increasing compliance requirements. You may need to take steps to meet the changed compliance obligations on a timely basis. In particular you will need to ensure that you have the historic information to calculate the gain.

The April 2020 changes represent an extension of provisions which have applied to the disposal of UK property by non-UK resident persons from 6 April 2015.

The changes apply to all gains arising on disposals by individuals, trustees, personal representatives of estates and partnerships of UK residential property or the residential element within mixed use property assets.

Reporting the disposal of UK residential property

From 6 April 2020, a standalone UK land return must be made to HMRC within 30 days following the completion of the residential property disposal (not the date the contracts were exchanged). The gain should also continue to be recorded on the annual self-assessment tax return if you usually complete one.

No land return is required for no gain / no loss disposals or for disposals where no tax is due, such as disposals fully covered by Principal Private Residence Relief.

Payment of tax on account

A tax "payment on account" in respect of the relevant disposal

must also be made to HMRC within 30 days of the date of completion. This may represent a significant acceleration of the payment date as CGT is normally payable on 31 January following the end of the tax year in which the relevant disposal occurs.

This "payment on account" is merely an interim payment of CGT and is the best estimate of the tax due at that time. The final calculation will be performed through the self-assessment tax return, which will take into account other relevant information such as available capital losses and the level of the individual's other taxable income, which may affect the rate of CGT payable on any gain.

HMRC has recognised that taxpayers may face difficulties in meeting these payment obligations due to the impact of COVID-19. For this reason, HMRC have advised that they will take a flexible approach to requests for deferral in payment of the tax but on a case by case basis.

Interest and penalties

Penalties may apply if a UK land return is not filed within the 30-day window or if the CGT payment is not made on time.

To help those selling properties familiarise themselves with the change in the rules and the new on-line process, HMRC is allowing a period of time to adjust and will not issue late filing penalties for UK land returns due to be filed before 31 July 2020 which were received late, so long as the return is actually filed by 31 July 2020.

Transactions which are completed from 1 July 2020 onwards will therefore receive a late filing penalty if they are not reported within the normal 30 day deadline.

In all circumstances interest will apply to any amount of the CGT that remains unpaid at the 30-day deadline.

If you are planning a disposal and would like to discuss the new 30-day reporting and payment regime in more detail, please get in touch well in advance of the disposal date with a member of the Private Client tax team of KPMG Belfast, or your usual KPMG contact.

Contact Us



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