



Non-UK residents: Do you know your responsibilities when disposing of residential property?

If you're a non-UK resident who is currently disposing of, or has plans to dispose of UK residential property, you must report this to HMRC within 30 days.

Changes came into effect, from **6 April 2015**, for non-UK residents disposing of UK residential property. From this date, non-UK residents must report disposals to HMRC within 30 days of completion and may have to pay any Capital Gains Tax (CGT) due in the same period. Prior to this, non-UK residents were likely to be exempt from CGT if they had been non-resident for at least five years and did not fall within scope of the ATED (Annual Tax on Enveloped Dwellings) regime.

A Non-Residents Capital Gains Tax return (NRCGT) must be submitted online to HMRC reporting the amount of CGT payable, if any. In addition, a full CGT computation may need to be submitted with the return within the 30 days. If you are registered for Self-Assessment (SA) the NRCGT return must be completed but you may be able to defer submitting a full computation, as well as paying any tax, until the SA tax return for the year of disposal is submitted.

What if the property is jointly owned?

If property is jointly owned, each owner must complete a NRCGT return to report the disposal of their share of the property.

What is a non-UK resident?

A non-UK resident is considered to be any of the following:

- Non-resident individual
- A personal representative of a non-resident who has died
- A non-resident partner of a partnership
- Non-resident trustee
- Non-resident company or fund

Calculating the Capital Gains Tax due

In most cases you will need to know the valuation of the property as at 6 April 2015. If you are not currently disposing of your property, consider obtaining this now so that it is available when you come to do so. You must ensure that the property is accurately valued. You may wish to use a professional service or obtain more than one valuation.

There are three possible ways of calculating the CGT position, as follows:

- The rebasing method;
- Time apportionment or,
- Gain over the entire period of ownership.

It's important that you can give us the detail we need to determine which is the best for you.

Note: *There may be certain reliefs and exemptions that you can claim against any tax due. Seek advice, if disposing of residential property, to identify which, if any, you may be eligible for.*

When to pay the tax that you owe

You may need to pay any tax that is due within the 30-day period (from date of conveyance), however if you are registered for SA you may defer payment until the usual date of 31 January following the tax year in which the disposal occurred.

Penalties

If you don't report the disposal or sale of any residential property within the allotted 30-day window, you will face penalties. Late payment penalties and interest may also be incurred if you fail to pay any CGT owing in the same period. If it remains unpaid after 31 January, following the end of the tax year within which the disposal was completed, 5% of the tax outstanding will be charged.

Don't forget these five important points

- 1 All disposals will need to be reported to HMRC even if no CGT is due
- 2 If you complete a SA tax return the disposal must be reported on this
- 3 Any CGT will be payable within either 30 days of the disposal or 31 January following the tax year in which the property was sold
- 4 An April 2015 valuation may be needed, so consider getting this arranged now
- 5 Contact your accountant as soon as possible when considering disposing of UK residential property.

We can help...

Property tax is a complex subject and we understand that, for landlords and property investors, effective tax planning can be difficult to obtain. That's why we have a team of property experts to help and guide clients when it comes to property tax issues.

If you're a non-resident and you're unsure about your CGT liabilities, you should seek professional advice at the earliest opportunity. We can give you practical and proactive advice, help you to identify risks and opportunities and even ease the burden of administration. Please contact us to find out more about how we can help. You can also download our handy guide 'Residential Property Letting – A Private Landlords Guide' from our website at www.georgehay.co.uk



www.georgehay.co.uk



Biggleswade Office

t: 01767 315010

Letchworth Office

t: 01462 708810

Huntingdon Office

t: 01480 426500