

CGT CHANGES HIT RESIDENT AND FOREIGN PROPERTY OWNERS

The chancellor has confirmed his plans to charge Capital Gains Tax (CGT) on non-residents who sell residential property in the UK and halved the period for private residence relief – this without any prior announcement.

From April 2015, the government will introduce CGT on future gains made by non-residents disposing of UK residential property. A consultation on how to introduce the new CGT charge will be published early this year.

The reduction in the CGT private residence relief final period exemption has halved from 36 months to 18 months, to reduce the incentive for those with multiple homes to exploit the rules, but this will also effect people relocating for work who may not be able to sell their homes quickly, for example.

There are a number of issues which need to be clarified in the consultation. These include whether the charge will apply to all residential properties or just those worth more than a certain amount, say £2m; whether private residence relief will be available to the non-UK resident individuals; and how the charge to tax will be recorded and paid (as most non-UK resident individuals will not be within self assessment).

We will post further details as they become available.

