

## No pain without gain...



### **...watch out for the new capital gains tax rules if you are a non-UK resident.**

In the good old days before the dreaded B..., economic insecurity and social media, life seemed so much simpler. More importantly, you did not pay UK capital gains tax (CGT) if you were a non-UK resident ex-pat when you sold a UK property.

All change, of course, from 5 April 2015. Since then, you are liable, as a non-resident, for CGT on all gains made on UK residential property. Mind you, it is only on the gains made from 2015 and the UK bricks and mortar market has hardly been dazzling over the last few years.

But, just to tighten the screws, since 5 April 2019, much to the recent surprise of a client of mine, CGT is now payable on all UK property and land sold by a non-UK resident. So the clothes shop he owns in Salisbury that he receives rent on, as well as the field that he lets out for grazing not too far away, are both caught by CGT on subsequent gains made since April last.

Presumably, however, you may be thinking you have until the January following the end of the previous tax year to file a tax return and pay the tax. I am afraid not. For all disposals of land, the payment date is within within 30 days of completion. A Return will also have to be filed with HMRC at the same time. Missing the deadline can give rise to penalties and interest. You could be fined for failing to file a return even if no tax is payable. Even, if you are registered for self assessment with HMRC, you will have to comply with the 30 day deadline from April this year.

Even what are called 'indirect disposals of land' are now caught. If you own at least a 25% shareholding in a company that gets 75% or more of its asset value from UK land and you sell or transfer the shares then you must



pay CGT on any profit.

Lastly, please do not forget gifts. The technical term for these is, 'deemed disposals'. If you give your UK property to your children, this may well give rise to CGT assessed on the increased value at the time of the gift.

## What are the rates for CGT?

For residential property they are either 18% or 28% depending on your marginal rate. For other property and land they are either 10% or 20%. For non-resident trusts, it is 20% for non-residential property and 28% for residential.

It goes without saying that Cripps can help you with all the processes involved, including the conveyancing, assistance with calculating the CGT and reporting to HMRC. Please [get in touch](#).