

International Tax

Capital Gains Tax for Non-residents Disposing of UK Land or Property

Solicitors and Estate Agents

If you are a Solicitor or Estate Agent, you should be aware of the Non-resident Capital Gains Tax (NRCGT) rules if you are disposing of UK land or property for a UK investor who is non-UK resident. Your client must report the disposal to HMRC online within 30 days of completion of conveyance and any Capital Gains Tax liability must be paid within 30 days after conveyancing if they are not in Self Assessment.

From 6 April 2019, HM Revenue & Customs extended the existing NRCGT rules which previously only applied to residential property to now include all property, including indirect disposals of property.

Non-residential property or land includes:

- commercial property, for example shops or offices
- agricultural land
- forests
- any other land or property which is not used as a residence.

Residential property is defined as:

- a building used or suitable for use as a dwelling
- properties in the process of being constructed or adapted for use as a dwelling
- the garden or grounds of such a building, including structures on the garden or grounds
- the right to acquire a UK dwelling 'off plan'.

There are different rates of tax applicable to residential and non-residential capital gains.

An indirect disposal occurs when a non-resident sells shares in a company that derives 75% or more of its gross asset value from UK land, and the person making the disposal has an investment of at least 25% in that company which holds UK land as an investment.

The gains on indirect disposals will be calculated using the value of the asset being disposed of, rather than the value of the underlying UK land.

Deadline for reporting the disposal and payment

The deadline for reporting the Non-Resident Capital Gain is 30 days after conveyance. A NRCGT return must be completed even if your client has no tax to pay, has made a loss or already completes Self-Assessment tax returns.

Unless your client already has an existing relationship with HM Revenue & Customs, by completing Self-Assessment tax returns each year, any Capital Gains Tax liability must be paid within 30 days after conveyancing.

If you have any queries, please contact our International Tax for Individuals Taxperts on 01382 312100 for specific advice on how this could affect you, or email taxation@eqaccountants.co.uk.



Want more information? Talk to the EQ Taxperts today.