

Capital Gains Tax – on disposal of UK Residential Property for UK Resident Taxpayer

Disposals that result in a Capital Gains Tax liability, need to be notified to the HMRC, within 60 days of the date of completion. An estimated amount of Capital Gains Tax is due for payment at the same time. Failure to do so, will result in a late filing penalty. Please contact us if you require assistance in submitting the information to the HMRC.

Capital Gains Tax – on disposal of UK Property or land for Non-Resident Taxpayers

From 6 April 2015, the CGT was charged on direct disposals of UK Residential property.

From 6 April 2019, the scope of the charge was extended to cover all direct and in-direct disposals of UK property and land. The reporting deadline for disclosure is within 60 days of the date of completion. Please note the disposal needs to be reported to the HMRC for non-residents, even if no Gain is chargeable.

Changes to Capital Gains Tax rates

The lower rate of CGT has increased from 10% to 18% from 30 October 2024.

The higher rate of CGT has increased from 20% to 24% from 30 October 2024.

The basic rate and higher rate of CGT on the sale of residential property gains has remained unchanged at 18% and 24% respectively.

The rate of Business Asset Disposal Relief (BADR) and Investors' Relief (IR) has increased from 10% to 14% from 6 April 2025. These will increase further to 18% from 6 April 2026.

The BADR lifetime limit has remained unchanged.

The IR lifetime limit has decreased from £10m to £1m.

Cryptoasset exchange tokens (Cryptocurrency)

Chargeable Gains may arise if your gains from selling certain assets are more than the CGT tax-free allowance.

The following may give rise to chargeable event for Capital Gains Tax:

- sell your tokens
- exchange your tokens for a different type of Cryptoasset
- use your tokens to pay for goods or services
- give away your tokens to another person (unless it's a gift to your spouse or civil partner)
- donate tokens to Charity

Changes to Furnished Holiday Lettings

Legislation included in Finance Bill 2024-25 abolishes the special tax rules for furnished holiday lettings with effect from 6 April 2025 for individuals.

Any losses incurred by the FHL in the current year or carried forward from previous years will be treated as losses of the ongoing UK or overseas property business going forward. This means the losses can be set off against other property income for individuals.

- A loss carried forward from a UK FHL can be set off against the UK property business income in 2025-26 and later tax years.
- A loss carried forward from an overseas FHL can be set off against the overseas property business income in 2025-26 and later tax years.
- Relevant earnings – this will not be counted towards your relevant earnings for pension purposes.

Impact of abolishing FHL regime

- Business Asset Disposal Relief (BADR) – this is no longer available resulting in CGT payable at a higher tax rate from 6 April 2025.
- Gift hold-over relief – this is no longer be available from 6 April 2025.
- Capital allowances – These are no longer available on fixtures, furniture or furnishings. Replacement of Domestic Items Relief will then be available on replacement items. Where qualifying capital expenditure has been included in a capital allowance s pool by 5 April 2025, Writing Down Allowances, balancing allowances and charges can continue to be claimed after April 2025 on that pooled expenditure until it is used up or a small pool claim is made.

Please contact us if this impacts you and want to discuss further tax implications on your business.