

Dear [title and surname]

Find out if you need to pay Capital Gains Tax (CGT) on your property

We're writing to you as our information shows that you may either be considering selling or have recently sold the property below.

Property address: [property address]

When you dispose of a property, which was not your main home throughout your ownership, you may have to pay Capital Gains Tax (CGT) on any money you make (known as the 'gain').

The time limit for reporting and paying CGT on the disposal of UK residential property on UK Property Disposal Service is **60 days from the date of completion**.

What you need to do

- If you've disposed of this property and it was **not** your main home, please go to **GOV.UK** and search '**Tax When you Sell Property**'. Please follow the instructions to decide if you've made a gain and need to report the property disposal.
- If you do need to report the disposal, please go to **GOV.UK** and search '**Report and pay your Capital Gains Tax**'.
- You can find more information to help you with this in the enclosed 'Frequently Asked Questions' regarding property disposals. If you need further help and support you may wish to seek professional advice.
- If you've either not disposed of the property or, after reading the guidance, you don't need to report the disposal, you don't need to take any further action.
- If you do need to file a return online but are having difficulties, please call the Self Assessment helpline on (insert phone number)
- Please note, if you buy and sell properties as part of a business, you might need to pay Income Tax instead.
- If you've previously rented this property out, please check that you've correctly declared this income and appropriate expenses on your Self Assessment tax return for the relevant years.

What happens next

You'll need to make sure you've reviewed the guidance and submitted a property disposal return if required. If you don't submit a return and we find that a return is due, we may issue a determination where we'll estimate the amount of tax you owe based on the information we hold. Please note that a return and payment is due within 60 days of the disposal of the property. If a return is received after this date interest and penalties may be charged.

If you need more help

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell us. Our contact details are at the top of this letter. We'll help you in whatever way we can. For more information about this, go to **GOV.UK** and search for '**get help from HMRC if you need extra support**'.

If you're unable to pay any tax bill in full you may be eligible for our Time to Pay service. For more information search '**difficulties paying**' on **GOV.UK**.

If you wish to talk about this matter with us

You can:

- phone us on (Insert response phone number) between 9am and 4pm, Monday to Friday
- email us at (Insert response email address) Before you contact us by email, please read the enclosed factsheet 'Corresponding with HMRC by email'.

If you contact us, we can deal with you more quickly if you quote our reference number and provide a daytime phone number. If you've previously told us that you have a professional advisor, we have also written to them.

Yours sincerely,



FAQs (Frequently Asked Questions)

I've not disposed of any UK Property do I need to do anything?

No, this letter is to provide awareness that if you've disposed of a UK property, you may need to pay Capital Gains Tax. If you've not disposed of any UK property, including the address noted in your letter, you don't need to take any further action.

Is there any guidance on how to complete a UK Property Disposal return?

Yes, go to [GOV.UK](https://www.gov.uk) and search 'Tax when you sell property'. Follow the instructions to report and pay any Capital Gains Tax.

Detailed guidance is also available in Appendix 18 of our CGT manual. To view this, go to [GOV.UK](https://www.gov.uk) and search for 'CGT property account guidance'.

I'm already registered for Self Assessment do I need to register again for the UK Property Disposal Service?

Yes, go to [GOV.UK](https://www.gov.uk) and search 'Tax when you sell property'. Then follow the instructions to report and pay any Capital Gains Tax.

Detailed guidance is also available in Appendix 18 of our CGT manual. To view this, go to [GOV.UK](https://www.gov.uk) and search for 'Capital Gains Tax'.

If you're registered for Self Assessment, you may still need to include the disposal in your end of year return. For guidance notes on completing your return and to ensure you include all necessary information, please go to [GOV.UK](https://www.gov.uk) and search for 'Capital Gains Summary'.

I didn't make a gain on the sale of the property, do I need to pay Capital Gains Tax?

No, you'll only have Capital Gains Tax to pay if you made a taxable gain.

If you made a loss on a property, you may be able to use this loss to reduce future gains. A loss made on a property which was used as your main home for the whole time you owned it cannot be used in this way. For more information on losses, go to [GOV.UK](https://www.gov.uk) and search 'Capital Gains Tax Losses'.

For the tax year 2022 to 2023, you can also claim the Annual Exempt Amount of £12,300 against the total of all gains and losses made in the year. If you didn't make more than this amount, there'll be no tax to pay. If you owned the property jointly with one or more other person, each of you has an Annual Exempt Amount for your total net gains in the year.

I lived in the property the whole time I owned it, do I need to pay Capital Gains Tax?

If you used the whole property as your main home for all of the time you owned it, there will usually be no tax due.

You can call the number at the top of the letter to let us know and we'll update our records.

Tax may be due if:

- you've already told HMRC that you want to treat another property as your main home
- the garden and grounds of the property were larger than 0.5 hectares
- you only used part of the property as your main home
- you lived in the property for some but not all of the period you owned it
- you purchased the property and wanted to use it as your main home, but never moved in
- you purchased the property for a family member to live in, but never lived there yourself

You can find more information on this in our Help sheet 283 – 'Private Residence Relief'. For a copy of this, go to [GOV.UK](https://www.gov.uk) and search for 'HS283'. Or you can call us and we'll send you a copy.

You can also use our online tool to help decide if tax is due. Go to [GOV.UK](https://www.gov.uk) and search 'Tax relief when selling home'.

I'll be including the sale of the property in the trading accounts of my business, do I need to pay Capital Gains Tax?

No. If you have a separate property trading business which has accounted, or will account for the sale, then there will be no Capital Gains Tax due, so you don't need to file a CGT return on the UK Property Disposal Service. Please phone or write to us using the details at the top of this letter so we can update our records.

If you sold the property as part of a property trading business, then you'll need to pay Income Tax on your profits rather than Capital Gains Tax. For more information, please visit **GOV.UK** and search '**Register for Self Assessment**'.

I was the legal owner but not the beneficial owner of the property, do I need to pay Capital Gains Tax?

You may have only been the legal owner and not the beneficial owner, for example, as a trustee or nominee. You may wish to tell the beneficial owner that they may have Capital Gains Tax to pay.

I gifted the property to a family member. Is any Capital Gains Tax due?

Capital Gains Tax is not normally due on gifts between spouses or civil partners. If you've gifted the property to anyone else, you'll be treated for tax purposes as having disposed of it at market value. This means that Capital Gains Tax may be due if the market value is more than you paid for the property

I have a mortgage/loan on the property to repay after selling it. Does this affect my gain?

The gain is the difference between the amount you paid for the property plus any allowable expenses and the amount you sold it for. The calculation of the gain will not be impacted by any outstanding mortgage, whether it was used to purchase the property or taken later.

What expenses can I claim when working out the gain on disposal of the property?

You can deduct the cost of buying, selling, or improving your property when working out your gain. These include:

- estate agent and solicitor fees
- the cost of improvement works, for example for an extension

You can't deduct:

- normal maintenance costs, such as decorating or routine repairs
- mortgage interest
- capital mortgage repayments

I spent a lot of my own time working on the property, can I claim this when working out the gain?

It's not possible to deduct an amount that represents the time you've spent working on the property. You can only deduct amounts which you have spent buying or improving the property.

I inherited the property; will Capital Gains Tax be due as well as Inheritance Tax?

Inheritance Tax will have been paid on the value of the property at the date of death. Capital Gains Tax will be due if you've since sold the property for more than that value. Tax will only be calculated on the difference.

I received rental income from the property. Do I need to tell HMRC?

If you ever received income from letting this property out, you may also need to pay Income Tax. To find out more, go to www.gov.uk/renting-out-a-property/paying-tax