



Information about property disposals

Your client: [\[client name from spreadsheet\]](#)

We have information that shows your client sold the property shown below in the tax year ended 5 April [\[year from spreadsheet\]](#).

Property address: [\[Property address from spreadsheet – must be on one line\]](#)

We do not have a record that your client lived at this property. This means they may have to pay Capital Gains Tax as Private Residence Relief may not be due.

What your client needs to do

We have requested that your client check the details of this property disposal to consider if Capital Gains Tax is due. They may want to discuss this with you.

If your client believes that they do not have any Capital Gains Tax to pay, then they do not need to do anything.

If they have tax to pay, they need to tell us by [\[90 days from the date of issue\]](#).

To tell us they need to pay Capital Gains Tax, they need to:

- 1 go to **www.gov.uk/government/publications/hm-revenue-and-customs-disclosure-service**
- 2 make a disclosure by giving us details of the gain
- 3 select 'Other' and enter the reference [\[Ref from spreadsheet\]](#) when asked to do so

You can also make a disclosure on their behalf. To do this:

- 1 go to **www.gov.uk/government/publications/hm-revenue-and-customs-disclosure-service**
- 2 Select "Make a disclosure online for your client if you're an agent" and sign in via government gateway
- 3 make a disclosure by giving us details of the gain
- 4 select 'Other' and enter the reference [\[Ref from spreadsheet\]](#) when asked to do so

If you cannot make the disclosure online, you can phone us or write to us using the contact information at the top of this letter.

Interest and penalties

If your client does have additional tax to pay, the due date for this was 31 January [\[year from spreadsheet\]](#). We charge interest on any tax that is paid late.

Your client can stop us charging more interest by paying any tax due now.

We may also charge your client a penalty. This will depend on the reason they did not tell us that the additional tax was due. Your client may be able to reduce any penalty we charge by (both of the following apply):

- telling us that something is wrong
- doing everything you can to help us put things right

Income from property

If your client ever received income from letting this property out, they may also need to pay Income Tax.

If they received rental income, from this or any other property, that they have not told us about, they can make a disclosure using our Let Property Campaign, or you can do this on their behalf. To find out more, go to **www.gov.uk/government/publications/let-property-campaign-your-guide-to-making-a-disclosure** or search online for 'HMRC Let Property Campaign'.

If you need any further help and advice

If you or your client have any questions regarding this letter, or whether Capital Gains Tax may be due, you can either:

- phone us on the number at the top of this letter
- write to us at the address at the top of this letter

If we currently have an enquiry into any of your client's tax returns, please contact the officer dealing with the enquiry.

HMRC recognises the value of having professional agents helping customers comply with their tax obligations. For information on the required standards for agents, go to **<https://www.gov.uk/government/publications/hmrc-the-standard-for-agents/hmrc-the-standard-for-agents>**

Yours faithfully

Capital Gains Tax Compliance Team



Frequently asked questions

I declared the sale of the property through the trading accounts of my business, do I need to pay Capital Gains Tax?

No – if you have a separate property trading business which accounted for the sale, then there will be no Capital Gains Tax due.

If you sold the property as part of a property trading business, then you will need to pay Income Tax on your profits rather than Capital Gains Tax. If you have not told us about this business, please phone the number at the top of the letter to talk to us about this.

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 will update our records.

Tax may be due if:

- you have already told us 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 Helpsheet 283 – 'Private Residence Relief'. For a copy of this, go to www.gov.uk and search for 'HS283'. Or you can call us and we will send you a copy.

You can also use our online tool to help decide if tax is due, go to www.gov.uk/tax-relief-selling-home

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 cannot deduct:

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

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

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

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

No. You may not be the beneficial owner if you were a trustee or nominee. You may wish to tell the beneficial owner that they may have Capital Gains Tax to pay.

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 have since sold the property for more than that value. We will only calculate tax on the difference.

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 have gifted the property to anyone else, you will 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 did not make a gain on the sale of the property, do I need to pay Capital Gains Tax?

No, you will 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 about losses, go to **www.gov.uk/capital-gains-tax/losses**

You will need to claim any allowable losses by writing to us. You will need to do this within 4 years of the end of the tax year in which you disposed of the asset.

For the tax year 2018 to 2019, you can also claim the Annual Exempt Amount of £11,700 against the total of all gains and losses made in the year. If you did not make more than this amount, there will be no tax to pay. If you owned the property jointly with one or more other people, each of you has an Annual Exempt Amount for your total net gains in the year.

I will be making a property disposal in the future; what do I need to do?

For any future disposals of property, you may still need to include this in a tax return. You will need to do this even if you did not make a taxable gain. You can find more information about this in our 'Capital gains summary notes'. For a copy of this, go to **www.gov.uk** and search for 'SA108', or you can call us and we will send you a copy.

For gains on residential property disposals made after 5 April 2020, you will need to submit a Payment for Property Disposal return and make a payment. You should do this within 30 days of the date of completion as well as completing your annual tax return. For information about Payment for Property Disposals, go to **www.gov.uk** and search for 'Tax when you sell a property'.



HM Revenue
& Customs

Important information: Supporting customers during the Coronavirus (COVID-19) situation

The Coronavirus (COVID-19) situation continues to change. We're following government advice and are regularly reviewing our processes. This information sheet tells you what we're doing to support our customers.

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 the enclosed letter. We'll help you in whatever way we can. For more information about this, go to www.gov.uk and search for 'get help from HMRC if you need extra support'.

Paying tax

We know the Coronavirus (COVID-19) situation has affected many people's personal and business finances. So, we want to help customers work out the best way of paying any tax they owe.

By paying tax you owe, you'll be helping to fund the vital public services that we all rely on. And you'll help the economy recover as quickly as possible.

Paying now will make it easier for you to manage your tax payments in the future. It might also help you manage your cash-flow.

If you can pay now

If you owe tax, and you can pay it now, we recommend that you pay electronically. To find out how to pay, go to www.gov.uk and search for 'paying HMRC'. Then select the type of tax you need to pay and follow the step-by-step instructions.

If you cannot pay now

If you cannot pay tax because of Coronavirus (COVID-19), you may be able to delay some tax payments without having to pay a penalty. You can delay your:

- VAT payments due before 30 June 2020 – you have until 31 March 2021 to pay these
- Self Assessment payment on account due in July 2020 – you have until 31 January 2021 to pay this

For more information, go to www.gov.uk and search for 'if you cannot pay your tax bill on time'.

If you think you'll have problems paying any other tax bills, please tell us as soon as possible. We'll work with you to agree payment arrangements that you can afford. We'll do everything we can to help you.

If you owe us tax from a compliance check, you can talk to us about your payment options. To do this, phone us on the number at the top of the enclosed letter.

To talk about payment options for any other tax you owe, please phone 0800 024 1222. We have a team of experienced advisers who are here to help.

More time to appeal or ask for a review

Because of the Coronavirus (COVID-19) situation, we're now giving our customers more time to appeal or ask us for a review if they disagree with a decision we've made.

We normally allow 30 days to appeal or ask us for a review. However, we know this might not be long enough at the moment. So, for now, we're giving customers an extra 3 months.

If we send you something that says you can appeal to us or ask for a review:

- within 30 days – you now have 3 months and 30 days
- by a certain date – you now have an extra 3 months after that date

If we send you something that says you can appeal to the tribunal, you would normally have 30 days to do this. If you appeal later than the 30 days, the tribunal will ask us if we object to a late appeal. We will not object if you appeal within 3 months and 30 days.

Reasonable excuse for not meeting a tax obligation

If we're charging penalties because certain tax obligations have not been met, we'll consider whether there was a 'reasonable excuse' for them not being met. A reasonable excuse is something that stopped a person from meeting a tax obligation they had taken reasonable care to meet.

We'll now consider problems caused by the Coronavirus (COVID-19) situation as a reasonable excuse for some tax obligations not being met. For example, not paying or not sending us a return.

For more information about this, go to www.gov.uk and search for 'disagree with a tax decision' and then select 'reasonable excuses'.

More information about Coronavirus (COVID-19) and the financial help available

Millions of customers affected by the Coronavirus (COVID-19) situation have already taken up financial support. For more information on the range of support available, go to www.gov.uk and search for 'Coronavirus COVID-19'. Then select from:

- work and financial support
- businesses and self-employed people