



HM Revenue
& Customs

Wealthy/Mid-Sized Business Compliance
HM Revenue and Customs
BX9 1BN

Phone

9.00am to 5.00pm, Monday to Friday

Email

Web www.gov.uk

Date

Our ref

Dear Sir/Madam

Information about property disposals

This letter is not a compliance check into your tax return for the year ended 5 April 2019. It's just to help you make sure that your return is complete and correct.

When you sell a property which is not your main home, you may have to pay tax on any money you make (known as the 'gain').

Your 2018 to 2019 Self Assessment tax return for the year ended 5 April 2019 showed you rented out fewer properties than your 2017 to 2018 Self Assessment tax return. You also included a capital gain disposal in the 'Other property, assets, and gains' boxes. However, your tax return did not show any residential property disposals.

Please check that you have included in the correct section of your return all residential property disposals that you have to pay Capital Gains Tax on in the year ended 5 April 2019. This is because you have to pay a different rate of tax on gains from residential property than you do on other assets.

You should include disposals of residential buy-to-let properties in the 'Residential properties (and carried interest)' section as opposed to the 'Other property, assets and gains' section of your capital gains summary.

You can find more information to help you with this in supplementary pages SA108, 'Capital Gains summary notes'. For a copy of this, go to www.gov.uk and search for 'SA108'. For more useful information about the basic rules of Capital gains and how to fill in the Capital gains summary pages of your tax return, go to www.gov.uk/tax-sell-property.

What you need to do by 31 January 2021

You must check your 2018 to 2019 tax return and all your capital disposals.

If you have made an error on your 2018 to 2019 tax return and you need to make a change, you can do this by logging on to your HMRC online account. Go to www.gov.uk/self-assessment-tax-returns/corrections.

If you are unable to correct your return online, you can write to us at: WMBC, HM Revenue and Customs, BX9 1BN. Or you can email us at the address at the top of the letter. Please make sure you read the enclosed factsheet and confirm to us that you accept the risks of using email.

If you decide to contact us in writing or by email, please quote *insert reference* on all correspondence.

If you believe that you have included all property disposals in the correct section of your tax return, then you do not need to do anything.

What happens next

If you find that you need to correct your return and pay additional tax, please be aware that we charge interest on any tax that is paid late. You can stop us charging more interest by paying any tax you owe now.

For more information about paying your Self-Assessment tax bill, including what to do if you cannot pay, go to **www.gov.uk/pay-self-assessment-tax-bill**.

If you're due a refund, we'll repay or credit your Self Assessment account.

Penalties

It is your responsibility to make sure your tax return is completed correctly. If you do not do this, we may charge you a penalty.

For more information about this, go to **www.gov.uk** and search for 'inaccuracy penalties'.

Help and advice

For help to fill in your tax return correctly, go to **www.gov.uk/self-assessment-tax-returns/get-help**.

If you wish to talk to us about this matter, please phone 03000 XXXXXX.

If you have an authorised tax advisor, we have sent them a copy of this letter.

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell us. For more information about this, go to **www.gov.uk/dealing-hmrc-additional-needs**.

Yours sincerely

WMBC Compliance
HM Revenue and Customs

Frequently asked questions

I've sold a buy-to-let property, is this a residential property for Capital Gains Tax?

Yes – residential property includes owning a share in properties that can be used as a domestic residence. Even if you did not occupy the property yourself or you let it out to tenants.

You may have to pay Capital Gains if you make a profit ('gain') when you sell (or 'dispose of') property that's not your home. This includes buy-to-let properties.

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.

I transferred a property to my own company, do I need to pay Capital Gains Tax?

If you transfer property to a company, this will normally be treated as if you have sold the property for market value. If this is more than you originally paid for the property, you could have to pay Capital Gains Tax.

In some cases where the property was used as part of a business and you have transferred the entire business to a company, you may be entitled to Incorporation Relief. To find out more, go to www.gov.uk and search for 'incorporation relief' to view our help-sheet: HS276, 'Incorporation Relief (2019) Roll-over relief on transfer of a business'. Or you can write to us and we will send you a copy.

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 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 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 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 spent buying or improving the property.

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

No – Capital Gains Tax is charged to the beneficial owner of property. 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 the value at the date of death. Tax will only be calculated 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 as well as 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 made 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 even if you did not make a taxable gain. You can find more information on 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 within 30 days of the date of completion as well as completing your annual tax return. For information on Payment for Property Disposals, go to www.gov.uk and search for 'Tax when you sell a property'.



HM Revenue
& Customs

Corresponding with HMRC by email

Use the following information to decide whether you want to deal with us by email. We take the security of personal information very seriously. Email is not secure, so it's very important that you understand the risks before you email us. We will not deal with you by email unless you tell us you accept the risks of doing so.

About the risks

The main risks associated with using email that concern HMRC are:

- confidentiality and privacy – there's a risk that emails sent over the internet may be intercepted
- confirming your identity – it's crucial that we only communicate with established contacts at their correct email addresses
- there's no guarantee that an email received over an insecure network, like the internet, has not been altered during transit
- attachments could contain a virus or malicious code

How we can reduce the risks

We'll desensitise information, for example by only quoting part of any unique reference numbers. We can also use encryption. We're happy to discuss how you may do the same but still give the information we need.

If you do not want to use email

You may prefer that we do not respond by email, for example because other people have access to your email account. If so, we're happy to respond by another method. We'll agree this with you either by telephone or in writing via post.

If you do want to use email

If you would like to use email as one of the ways HMRC will contact you, we'll need you to confirm in writing by post or email:

- that you understand and accept the risks of using email
- that you're content for financial information to be sent by email
- that attachments can be used

If you are the authorised agent or representative we'll need you to confirm in writing by post or email that your client understands and accepts the risks.

Please also:

- send us the names and email addresses of all people you would like us to use email with - you, your staff, your representative, your agent, for example
- confirm you have ensured that your junk mail filters are not set to reject and/or automatically delete HMRC emails

How we use your agreement

Your confirmation will be held on file and will apply to future email correspondence. We'll review the agreement at regular intervals to make sure there are no changes.

Opting out

You may opt out of using email at any time by letting us know.

More information

You can find more information on HMRC's privacy policy, visit www.gov.uk/help/privacy-policy



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.

To talk about your payment options, phone us now on 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 asked for financial support. For more information about 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