

# WEALTHY EXTERNAL FORUM BRIEFING

## Date of Briefing

01/10/2020

## Project Title:

Omitted Capital Gains Tax

## Purpose: What is it you want to share with the group?

One to many letter

## Author: Which part of HMRC is leading on the work and who is the contact?

WMBC Insight, Growth and Risk and ISBC Campaigns & Projects are jointly leading the work. Contact details for ISBC C&P will be included on the letters which will be sent to customers.

## Two way transparency:

We will follow up on the activity with the forum to discuss if there was any material impact on their wider client population.

## Detail:

- HMRC are aware that many people fail to declare Capital Gains Tax due on disposal of residential properties
- In 2018, we ran the first round of this activity, writing to people who we believe might have CGT to pay in respect of property disposals in 2015/16, encouraging them to make a disclosure.
- We repeated this exercise in November 2019, encouraging people to amend their 2017/18 tax returns to include CGT where necessary. This exercise was well received, with over 15% of customers receiving letters subsequently amending their returns.
- A further activity, which this forum was briefed about, had been planned for March 2020, however due to Covid-19 a decision was taken not to go ahead with it.
- We are now going to be writing to customers who disposed of properties which may have given rise to a CGT charge in 2018/19. There are two versions of the letter. The first, where customers have filed an SA return, encourages customers to amend their return if necessary. The second, where customers have not filed an SA return, encourages customers to make a disclosure if any CGT is due.
- We have selected customers to write to who, according to information available to the department, have disposed of a property which was not their primary residence but have not declared any Capital Gains Tax in respect of the disposal.
- The letter will ask them to consider their CGT position in respect of the disposal and, if necessary, amend their return to include CGT, or use the Digital Disclosure Service to pay any CGT due. If they do not consider that CGT is due, no further action will be required.
- An FAQ and links to guidance will be included in the letter
- A telephone number and postal address will be provided for customers to seek clarification regarding their position
- Where customers don't respond, we may undertake further compliance activity in order to check that the correct action has been taken where required.

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- Where a customer has informed us that they have an agent and a 64-8 is in place, we will send a copy of the letter to the customer's agent as well.

### Timing

Letters will be sent between 13 October 2020 and 30 November 2020, with a potential second batch between 1 February 2021 and 31 March 2021.

A maximum of 14,000 letters will be sent in total, staggered over the period. The final number may be lower, subject to response rates and resource availability.

### Other relevant information

### Appendices