

Please find enclosed a copy of the letter that we have sent to your client, [\[client name from spreadsheet\]](#).

We recognise the value of professional agents helping customers with their tax. For information about the required standards for agents, go to www.gov.uk/government/publications/hmrc-the-standard-for-agents/hmrc-the-standard-for-agents

Yours faithfully

WMBC Compliance
HM Revenue and Customs



HM Revenue
& Customs

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

[Customer name from spreadsheet](#)
[Customer address & postcode from spreadsheet](#)

Phone 03000 575687
9.00am to 4.00pm, Monday to Friday

Email responseteam@hmrc.gov.uk

Web www.gov.uk

Date [SEES date](#)
Our ref CG Res OTM/[[CFS ref](#)]
Your ref CG Res/OTM/[[UTR from data file](#)]

Dear [[Title](#)>[Surname](#)]

Information about property disposals

This letter is not a compliance check. It's just to help you make sure that your return is complete and correct.

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

We have information that shows you sold the residential property shown below in the tax year ending 5 April 2020.

Property address: [[property address from spreadsheet](#)]

Your tax return for the year ended 5 April 2020 included a disposal in the 'Other property, assets, and gains' boxes of the Capital Gains Tax Summary page. However, it did not include any residential property disposals.

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. This is because gains on the disposal of residential properties are charged at higher rates of tax than for other assets.

You can find more information to help you with this on the enclosed factsheet or at www.gov.uk/tax-sell-property. There is also the supplementary page SA108 (Capital Gains summary notes). For a copy of this, go to www.gov.uk and search for 'SA108'.

What you need to do by 31 January 2022

Please check that you have included all residential property disposals made in the year ended 5 April 2020 in the residential property boxes. These are Boxes 3 to 12 on the Capital Gains Summary pages for your tax return ended 5 April 2020.

If you have incorrectly declared a residential property disposal in the 'Other property, assets and gains' boxes, you must correct this now. If you have made an error 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 1LH 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.

Interest and Penalties

If you need to 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.

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'.

If you need any further help and advice

If you have an authorised tax advisor, we have sent them a copy of this letter. You may want to discuss this with them.

If you wish to talk to us about this matter, please phone 03000 575 687.

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 Tax 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 (2020) 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 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 2019 to 2020, you can also claim the Annual Exempt Amount of £12,000 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?

You must report and pay any Capital Gains Tax due on UK residential property.

- within 30 days of selling it, if the completion date was between 6 April 2020 and 26 October 2021
- within 60 days of selling it, if the completion date was after 27 October 2021

For information about UK property disposal returns go to www.gov.uk and search for 'Tax when you sell a property'.



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

