

A quick guide to the 60-day Capital Gains Tax rule on property disposals

If you're selling or otherwise disposing of a residential property that isn't your main home, you will most likely have to pay Capital Gains Tax (CGT). These rules apply to any residential property unless it has been your main residence throughout its ownership.

However, did you know that CGT must be reported to HM Revenue & Customs (HMRC) and paid within 60 days of the sale completion?

Here is a quick overview of the 60-day rule so you don't get caught out!

What is Capital Gains Tax (CGT)?

CGT is levied on the profit or gains you make when you sell, transfer or otherwise dispose of an asset that has increased in value.

For property, this typically applies to second homes, buy-to-let properties, and business premises, as your elected main home will benefit from Private Residence Relief.

What is the 60-day rule?

The 60-day rule stipulates that any CGT owed on the disposal of a residential property must be reported and paid within 60 days of the completion date of the disposal.

Failure to do so may result in late payment and interest charges on the unpaid CGT.

This rule affects:

- Individuals
- Trustees
- Personal Representatives

Reporting and payment

Our tax experts can help you make the essential CGT calculations and report them to HMRC within the 60 days afforded to you.

If there is no tax liability, then you are not required to make the declaration to HMRC, but we recommend taking expert advice to make the calculations in the first place.

We can also help you register and complete the necessary forms online within the stipulated 60-day timeframe.

It is important to note that non-residents must make a declaration of whether there is tax to pay or not.

Failure to report and pay within 60 days will result in penalties, starting from a £100 fixed penalty, so letting us know about your property disposal as soon as possible is essential.

If you have made a property disposal in the last year, but not reported it within the 60 days allowed, we can also help you communicate with HMRC to reduce any potential fines.

Lamont Pridmore's dedicated team of accountants and tax advisers is here to help you navigate the complexities of CGT. Don't hesitate to **contact us** for more information.

