



HM Revenue
& Customs



HM Treasury

Capital Gains Tax: Private Residence Relief: changes to the ancillary reliefs

Consultation document

Publication date: 1 April 2019

Closing date for comments: 1 June 2019

Subject of this consultation:	The changes announced at budget 2018 to lettings relief and the final period exemption, which extend private residence relief in capital gains tax. The consultation also covers some technical aspects of the private residence relief rules.
Scope of this consultation:	Budget 2018 announced that the final period exemption will be reduced from 18 months to 9 months. The special rules allowing 36 months relief for the disabled and those in a care home will not change. The budget also announced that lettings relief will be reformed so that it is only available in cases where the owner remains in 'shared occupancy' with the tenant. Both changes will come into effect for disposals on or after 6 April 2020. This consultation seeks views on these two changes, and three technical aspects of the operation of the private residence relief rules.
Who should read this:	This consultation will be of interest to those individuals who would be affected by the changes, advisers, law firms and representative bodies; and tax professional and representative bodies.
Duration:	1 April 2019 to 1 June 2019 (8 week consultation exercise).
Lead official:	Nick Williams - Business, Assets and International Directorate, HMRC. Michael Thornton – Business and International Tax, HMT
How to respond or enquire about this consultation:	Private Residence Relief consultation Assets and Residence Team Business, Assets and International Directorate HM Revenue and Customs 100 Parliament Street London SW1A 2BQ Or by email to capitalgains.taxteam@hmrc.gov.uk
Additional ways to be involved:	Please contact the lead officials if you are interested in meeting to discuss this paper.
After the consultation:	The government will publish its response and draft legislation in summer 2019
Getting to this stage:	This is a new consultation, announced by the Chancellor at Budget 2018.
Previous engagement:	None

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1. Introduction

1.1 Private residence relief (PRR) has been a key feature of Capital Gains Tax (CGT) since its introduction in 1965. It is designed to keep out of CGT those gains or losses that arise when a person sells or otherwise disposes of a dwelling that has been used as that person's only or main residence.

1.2 This core relief is supplemented by ancillary reliefs that aim to deal with other situations where imposing a tax would lead to undesired outcomes.

1.3 The government remains committed to keeping peoples' homes out of CGT. The government is also committed to keeping the tax system under constant review to ensure that any reliefs and exemptions are properly targeted.

1.4 In line with both those ongoing commitments, at Budget 2018, the government announced that two of the ancillary reliefs would change to better target PRR at owner-occupiers:

- The final period exemption will be reduced from 18 months to 9 months, although the special rules that give those with a disability, and those in care, an exemption of 36 months will not change.
- Lettings relief will be reformed so that it only applies where an owner is in shared occupancy with a tenant.

These changes will take effect from 6 April 2020.

1.5 This consultation sets out the government's proposed changes in more detail, and invites views on how they will work in practice. It also invites views on some technical aspects of the PRR rules.

1.6 Chapter 2 provides some background on how PRR works. Chapter 3 then discusses the reduction to the final period exemption, chapter 4 sets out the proposals for lettings relief in more detail, and chapters 5 to 7 consider further technical aspects of PRR the government will be considering as part of this consultation.

2. How private residence relief works – an overview

A person's only or main residence

2.1 PRR applies to disposals of dwellings that have at any time during the person's ownership been used by them as their only or main residence. It exempts from CGT any gains or losses that the person may make when they sell or otherwise dispose of the dwelling.

2.2 A residence is the place where a person normally lives, their home, and has a degree of permanence and continuity about it. This means, for example, that when a person goes on holiday for a few weeks, PRR is not affected because the hotel where that person is staying is not a residence of theirs.

2.3 In certain cases, a person may occupy more than one residence. For example, during the week they may own and occupy a flat because it is easier for work purposes, but at weekends occupy a house that they also own. In such cases the person may nominate one of those properties as their main residence. This nomination must be made within two years of the time when both properties were occupied as residences. If a person does not make a nomination in that period, then in due course when they sell one or both of the properties, the question of which property was their main residence will be determined based on the way they actually used the properties during the period of ownership. (See Chapter 6.)

2.4 Special rules apply to spouses and civil partners who can only have one main residence between them.

What is the dwelling? Occupation and exclusive use

2.5 PRR only applies to that part of a dwelling that has been used as the owner's only or main residence. For example, part of a dwelling that has always been separately let and exclusively used by a tenant or tenants would not qualify for PRR.

2.6 PRR is not restricted where, for example, parts of a dwelling such as bedrooms or annexes are used by an owner's children or other close relatives as a family unit. Neither is a restriction made where a lodger lives as a member of the owner's family, sharing the living accommodation with the owner and having meals with them; although a distinction is made between this and those cases where the owner runs a lodging house business and rents out rooms.

Absence from the main home

2.7 Ordinarily, PRR is lost for those periods where a person is not using their dwelling as their only or main residence and an apportionment would have to be made between those periods when the dwelling was being used as the main residence and when it was not. On occasions this can lead to undesired outcomes. Therefore, a number of ancillary reliefs and exemptions have been introduced which treat certain

periods of absence as though the person was in occupation and using the dwelling as a residence.

The ancillary absence reliefs

2.8 These ancillary reliefs are as follows:

Relief	How it works – summary
Job related accommodation	<p>This relief applies where a person owns a residence that they intend to occupy as their only or main residence, but for work reasons they are required to live elsewhere.</p> <p>This relief deems the dwelling to be occupied by the person as a residence during the period whilst the intention continues. Should that intention end then the relief ends.</p>
Final Period Exemption	<p>Where a property is or has been occupied as the owner's only or main residence, the final 18 months of their period of ownership always qualifies for PRR, regardless of the property's use.</p> <p>This provides that the last 18 months of ownership is included as qualifying for relief in the apportionment calculation. This period is extended to 36 months for persons who are disabled or resident in a care home.</p> <p>Changes are proposed to this exemption, as set out in chapter 3.</p>
Absence any reason/work-related absence(s)	<p>Certain periods of absence can be treated as residence where a property is occupied as the only or main residence before and after absence. These are as follows:</p> <ol style="list-style-type: none"> a. Absences for whatever reason, totalling no more than 36 months in all. b. Absences during which the person is in employment and all their duties are carried on outside the UK. c. Absences totalling not more than 48 months when either <ul style="list-style-type: none"> • the situation of their place of work prevents someone living at home; or • an employer requires a person to live away from their home for the effective performance of their duties <p>The relief given for absences under b. and c. still applies if a person cannot return to their home afterwards because the nature of their work requires them to work away again. The absences at b. and c.</p>

	<p>will also apply if the employment was of the spouse or civil partner.</p> <p>These reliefs deem the dwelling to be occupied by the person as a residence during the period of absence.</p>
Lettings relief	<p>Where a person lets part of or all of their main residence, or former main residence, as residential accommodation then further relief is available.</p> <p>The relief deems that the qualifying gain is not a chargeable gain to the extent that is the lowest of:</p> <ul style="list-style-type: none"> • the amount of Private Residence Relief already calculated, or • £40,000, or • the amount of the chargeable gain relating to the letting. <p>Proposed reforms to this relief are set out in chapter 4.</p>

How chargeable gains are calculated

2.9 A gain is treated as arising evenly over the entire period of ownership. For CGT purposes relief only applies to that part of the gain:

- throughout which the dwelling was occupied as the person's only or main residence,
- covered by final period exemption,
- deemed to be occupied as the only or main residence by the various absence reliefs (and a suitable election is made), or lettings relief applies.

2.10 This means that where the dwelling has only ever been used as the seller's only or main residence, no CGT is payable.

Worked example – existing rules

2.11 The effect of PRR and the ancillary reliefs using the existing rules can be shown as follows.

Example 1

Jane purchased a flat on 1 February 2000 for £200,000 and occupied it as her main home for six years until 1 February 2006 when she went on a three year round the world trip. During that period the flat was left empty. She then reoccupied the flat on 1 February 2009.

Jane then purchased a new property which she used as her main residence from 1 February 2015. Jane then rented out her old/original flat for five years until 1 February 2020 when she sold it for £600,000 making a £400,000 gain.

Jane owned the flat for 20 years (240 months). During that time she used the flat as her main home for 12 years (144 months), was absent for three years (36 months) and rented it out for a total of five years (60 months).

The gain of £400,000 would be taxed as follows:

144 months of the gain would be eligible for PRR and therefore subject to no CGT =
(£400,000 x 144/240) £240,000

36 months of the gain qualifies for absence relief and is therefore subject to no CGT =
(£400,000 x 36/240) £60,000

18 months of the gain qualifies for final period relief and is therefore subject to no CGT
= (£400,000 x 18/240) £30,000

Of the remaining £70,000 (£400,000-£330,000) Jane can apply her lettings relief. The lowest amount in this case being £40,000.

This leaves £30,000 and once Jane has claimed her Annual Exempt Amount of £12,000 for the year 2019-20, £18,000 of the original £400,000 gain is subject to CGT.

If Jane is a higher rate tax payer, CGT of £5,040 (£18,000x28%) would be paid.

Spouses/civil partnerships and joint ownership

2.12 Where properties are jointly owned, for example by spouses or civil partners, each of the owners are able to apply the various relief and exemptions to their share of the gain arising from the eventual sale or disposal of the dwelling. This includes lettings relief. Using the example above, if Jane had been married or in a civil partnership, and she and her spouse owned and occupied the property equally they would have been entitled to £80,000 of lettings relief which would have resulted in no CGT being due at all.

3. Final Period Exemption

3.1 The final period exemption exempts from CGT the final 18 months of ownership of any dwelling that is, or has in the past been, a person's main residence. The intention of the exemption is to give people a CGT free period in which to sell a dwelling after leaving it.

3.2 However, the longer the exemption period, the more PRR can be accrued on two dwellings (an un-sold old one and a new one) simultaneously.

3.3 From 6 April 2020 the final period exemption will be reduced from 18 months to 9 months to better target the exemption at owner-occupiers with one main dwelling, rather than those who may have lived in the dwelling as their main residence in the past and have subsequently bought another home they are eligible for PRR on.

Example 2

Bill bought a dwelling on 1 February 2002 for £100,000 and lived in it as a main home until 31 March 2012, when he moved to another main home. He then left the home empty (no lettings relief was available) until it was sold on 31 October 2020 for £300,000, making a gain of £200,000.

Bill is entitled to PRR for the period 1 February 2002 to 31 March 2012 (122 months) when he used the dwelling as a main residence. He did not live in the property for the period 1 April 2012 to 31 October 2020 (103 months). But under the new rules, final period relief will be available for the nine-month period 1 February 2020 to 31 October 2020.

This means that of the 225 month ownership, 131 months (122 when Bill lived in it as a main residence and qualifies for PRR + 9 months final period relief) qualifies for relief covering £116,445 of the gain.

This is made up of £108,445 that relates to the period when the property was used as a main home and £8,000 final period exemption.

Once Bill has claimed his Annual Exempt Amount of £12,000 for the year 2019-20, CGT would be due on a chargeable gain of £71,555 (£200,000 gain less relief of £116,445, less £12,000 AEA). If Bill is a higher rate tax payer he will pay £20,035 of CGT (£71,555x28%).

3.4 The special rules which give 36 months relief to those with a disability, and those in or moving into care, will not change (see section 2.8).

3.5 The reduced final period exemption will come into effect for any disposals from the 6 April 2020.

Question 1: Do you have any comments about the reduction of the final period exemption?

4. Lettings relief

A person's only or main residence: "the purpose of lettings relief"

4.1 Lettings relief was introduced in 1980 to ensure people could let out spare rooms within their property on a casual basis without losing the benefit of PRR. This may be, for example, where there are a number of lodgers sharing the property with the owner.

4.2 However, in practice lettings relief extends much further than the original policy intention and also benefits those who let out a whole dwelling that has at some stage been their main residence.

Example 3 – existing rules

Susan purchased a house for £200,000 in 1998, selling it for £350,000 in 2018. Throughout that time she lived in the house as her only residence but let out two spare rooms amounting to 25% of the property to tenants who had exclusive use of their rooms (and their rooms only). PRR would not wholly relieve any subsequent CGT charge on the property. Lettings relief would apply as follows:

Susan made a net gain of £150,000 when she sold the property and is entitled to claim PRR on 75% of the property which covers £112,500 of the gain.

That part of the gain attributable to the letting and not qualifying for PRR is £37,500. As lettings relief is due on the lesser of:

- The amount of PRR (£112,500), or
- £40,000, or
- The gain attributable to the letting (£37,500),

the amount of lettings relief due is £37,500 and the whole gain is exempt from CGT.

The relief post April 2020

4.3 The reform to lettings relief announced at Budget 2018 will limit the availability of lettings relief and restrict it to those who share occupation of their house with a tenant for all disposals made on or after 6 April 2020.

What is shared occupation?

4.4 Shared occupation is considered to apply where the owner is residing in the same dwelling with the tenant and continues to occupy that dwelling as his/her only or main home throughout the period of the letting. This means that in example 3 Susan will still qualify for relief as she is sharing occupation of the property with her tenants.

4.5 The reformed lettings relief will not be available for those periods where an owner has moved out of the property and therefore no longer shares occupation with a tenant or tenants. However, separate relief may be available where the reason for being absent from the property is one of those set-out in paragraph 2.8.

Example 4 - when lettings relief will not apply under the new rules

Eric purchased a house for £200,000 on 1 January 2000. He sold it for £350,000 on 31 December 2020.

During Eric's 20 year (240 months) ownership he:

- Lived in the house as his only residence for 17 years (204 months)
- Let the entire property for three years (36 months) before selling it.

The net gain is £150,000 and PRR will be available for the period Eric occupied the house as his main home which is 204/240 months. This means that of the gain £127,500 is eligible for relief. Leaving a potential gain liable to CGT of £22,500.

Eric also qualifies for 9 months of final period exemption which is £5,625.

This reduces the potential taxable gain to £16,875 (£22,500-£5,625).

As Eric was not in shared occupancy with his tenants, lettings relief no longer applies for the three years that he let the property. (Under the previous rules £16,875 of the £150,000 gain would have been eligible to letting relief.)

However, as Eric has not used his annual exempt amount for the year (which for the year 2019-20 is £12,000) he can further reduce the taxable amount to £4,875 (£16,875-£12,000).

If Eric is a higher rate tax payer he will pay CGT of £1,365 (£4,875x28%)

4.6 Sometimes the grounds in which a person's residence stands contains a separate dwelling. Where this separate dwelling is let out to a third party it does not qualify for lettings relief or PRR under the current law. The proposed changes to lettings relief will not change this.

4.7 The reforms to lettings relief will apply to all disposals made from 6 April 2020. From that date, only those periods where the owner was, or is, in shared occupancy with the tenant will qualify for lettings relief

Question: 2 Do you have any comments about the reform of lettings relief?

5. Ministry of Defence (MOD) Future Accommodation Model (FAM) and job-related accommodation

5.1 The 2015 Strategic Defence and Security Review committed the MOD to make a new accommodation offer, in order to help more personnel live in private accommodation and meet their aspirations for home ownership.

5.2 The FAM is designed to improve the fairness of the MOD's current accommodation offer, improve affordability and increase the choice of accommodation options available for service personnel. The FAM pilot is due to take place in 2019.

5.3 The government is already taking steps to ensure no liability to income tax arises in respect of payments of accommodation allowances under the FAM and wants to ensure the FAM does not lead to unintended CGT consequences for service personnel.

5.4 Currently, people who live in employer provided accommodation, including military personnel living in accommodation provided by the MOD, are covered by the job-related accommodation ancillary relief within private residence relief (see Chapter 2). This ensures any capital gains realised on the property they intend to use as their main residence, but cannot occupy because they are expected to reside in work related accommodation, is relieved from a CGT charge.

5.5 In line with the government's commitment to service personnel as set out in the Armed Forces Covenant, the government wants to explore extending the benefits of job-related accommodation to apply to service personnel in cases where they live in accommodation not technically provided by the MOD but, for example, where they may rent in the private rental sector as part of the FAM.

5.6 The government is considering whether it should extend the benefit of job related accommodation to those personnel who are provided accommodation under the FAM in accordance with "Joint Service Publication 464 Tri-Service Accommodation Regulations Volume 4: Future Accommodation Model Pilot – UK".

5.7 This proposal will help ensure that those personnel who rent privately under the FAM will continue to receive job-related accommodation relief on their only or main residence they own elsewhere in the UK.

Question 3: Do you believe there is a case for legislating to ensure that the benefits of job related accommodation will continue to apply to personnel who organise accommodation through the Future Accommodation Model?
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6. Extra Statutory Concessions

6.1 An Extra Statutory Concession (ESC) is a relaxation that gives taxpayers a reduction in tax liability to which they would not be entitled under the strict letter of the law. Most ESCs are made to deal with what are, on the whole, minor or transitory anomalies under the legislation and to meet cases of hardship at the margins of the tax code where a statutory remedy would be difficult to devise or would run to a length out of proportion to the intrinsic importance of the matter.

6.2 For the purposes of PRR there are two ESCs of relevance: D21 late claims in dual residence cases and D49 Short delay by owner-occupier in taking up residence.

ESC D21: late claims in dual residence cases

6.3 The wording of this ESC is as follows:

D21. Private residence exemption: late claims in dual residence cases

Where for any period an individual has, or is treated by the Taxes Acts as having more than one residence, but his interest in each of them, or in each of them except one, is such as to have no more than a negligible capital value on the open market (e.g. a weekly rented flat, or accommodation provided by an employer) the two year time limit laid down by Section 222(5)(a), TCGA 1992 for nominating one of those residences as the individual's main residence for capital gains tax purposes will be extended where the individual was unaware that such a nomination could be made. In such cases the nomination may be made within a reasonable time of the individual first becoming aware of the possibility of making a nomination, and it will be regarded as effective from the date on which the individual first had more than one residence.

6.4 This ESC applies to those situations where an individual has more than one residence, but only one of those residences has any real capital value. A typical example being an individual who works in a city during the week and stays in a rented flat in the city, but also owns a house in the country which they use as their residence at weekends and holidays etc. Strictly the individual should nominate one of these homes as their main residence, but this is often overlooked. This ESC extends the time period for nominating one of those residences as the individual's main residence.

D49: Short delay by owner-occupier in taking up residence

6.5 The wording of this ESC is as follows:

D49. Private residence relief: Short delay by owner-occupier in taking up residence

This concession applies:

- where an individual acquires land on which he has a house built, which he then uses as his only or main residence

- where an individual purchases an existing house and, before using it as his only or main residence, arranges for alterations or redecorations or completes the necessary steps for disposing of his previous residence.

In these circumstances, the period before the individual uses the house as his only or main residence will be treated as a period in which he so used it for the purposes of Sections 223(1) and 223(2)(a) TCGA 1992, provided that this period is not more than one year. If there are good reasons for this period exceeding one year, which are outside the individual's control, it will be extended up to a maximum of two years. Where the individual does not use the house as his only or main residence within the period allowed, no relief will be given for the period before it is so used. Where relief is given under this Concession it will not affect any relief due on another qualifying property in respect of the same period.

6.6 This ESC applies where a person is unable to occupy a new home which they will use as their only or main residence because:

- a. They are completing the sale of their old home.
- b. They are altering or redecorating it.
- c. Land is bought and a house is constructed on it.

6.7 In such cases up to the first 12 months is treated as if the house had been the person's only or main residence in that period. In exceptional circumstances a longer period of up to 24 months may be allowed.

6.8 The intention is to legislate both these concessions in their present form.

Question 4: Do you have any comments on legislating these ESCs in their present form?

7. Married Persons and Civil Partners: Transfers

7.1 The general rule for CGT is that transfers of assets between married persons and civil partners (“spouses”) takes place at no-gain/no-loss. The rules provide that where one spouse makes a transfer of their only or main residence to the other, the receiving spouse’s period of ownership of the dwelling is the same as that of the transferring spouse, even if that period started before marriage. The receiving spouse also qualifies for PRR for any period before the transfer that the property was the only or main residence of the transferring spouse, so long as the property is the couple’s only or main residence at the time of transfer.

7.2 The effect of this is that the receiving spouse can count any period where the residence was occupied as a main residence by their spouse as their own.

Example 5

Jane bought her house in 2010 and lived in it on her own until she married James in 2015. She later transferred a 50% interest to him. They lived in the house as a main residence from the date they married until 2020 when they sold it and moved elsewhere. The rules ensure that full PRR is available on the full disposal proceeds of both Jane and James.

7.3 However where a property was not the main residence at the time of transfer, for the receiving spouse, the period of ownership over which any PRR is calculated starts from the date an interest in the property was transferred up to the date of sale. In certain cases, these rules can mean PRR can be claimed for the whole gain, resulting in no CGT being due, even where the property was previously let out and was not used as a main residence.

Example 6

George purchased a buy-to-let in 2010. In 2016 he married Nigel. They subsequently decided to live in George’s buy-to let as a main home and George transferred his entire interest to Nigel immediately before they moved in. No CGT was due on the transfer because George and Nigel are married.

The property was sold in 2020 and qualified for full PRR because during Nigel’s period of ownership the property had only been used as his main home.

7.4 These rules can also work to deny PRR on a property that may have been used as a main residence in the past but is not so used at the date of transfer to a spouse who never uses it as a main home. This may be the case, for example, where a property which was a residence in the past is let out at the date of transfer and afterwards. In such cases CGT would be due on the full disposal proceeds.

Example 7

Charles purchased a house “White-acres” in 2005 and lived in it as his main home. In 2016 he married Susan. Shortly before the marriage they both took up residence in Susan’s house “Black-acres” as their main home. After the wedding Charles transferred 50% of his interest in White-acres to Susan and they continued to let the property until it was sold in May 2020 for a gain of £200,000. Because they each own a 50% interest in White-acres the gain will be split equally. No CGT is due on transfer because Charles and Susan are married.

Charles will be able to claim PRR and final period exemption in respect of his period of occupation of White-acres as a main home for the period 2005 to 2016, plus AEA and set that off against the gain of £100,000 which is attributable to his 50% interest in the property.

However, as Susan only ever used White-acres for letting purposes during her period of ownership (2016 to 2020) the £100,000 gain on her 50% interest in the property is liable to CGT, less her AEA.

7.5 The government is considering whether these outcomes should be reformed and made fairer, so that the receiving spouse should always inherit the transferring spouse’s period of ownership and the use to which the property was put during that time. By taking into account the transferring spouse’s ownership and use of the property in the case of example 6 this would prevent Nigel being able to claim full PRR, and in the case of example 7 allow Susan to claim an element of PRR based on their spouse’s historic use of the properties.

Question 5: Should the receiving spouse always inherit the ownership period and the use to which the property had been put in the past regardless of whether it is a main residence at the time of transfer?

8. Assessment of Impacts

Summary of Impacts

Exchequer impact (£m)	2019-20	2020-21	2021-22	2022-23	2023-24
	£15m	£50m	£120m	£135m	£150m
Economic impact	These changes are not expected to have any significant macroeconomic impacts.				
Impact on individuals, households and families	<p>The changes to lettings relief and the final period exemption are estimated to impact around 40,000 individuals per year who sell all or part of a residential property that has at some point during ownership been a main residence.</p> <p>These individuals will face a shorter period of final period exemption and so will have to pay more Capital Gains Tax on their gain when they sell a residential property.</p> <p>Those who sell a residential property that they have let out and were not a shared occupant with their tenants will also lose their entitlement to lettings relief following its reform and will have to pay more Capital Gains Tax on their gain.</p> <p>The proposal in respect of the FAM will, if adopted, benefit members of the armed forces who are entitled to be provided with living accommodation by the Ministry of Defence but who, in the future under the FAM, will receive payments to live in the private housing sector.</p> <p>These changes are expected to have a negligible indirect negative impact on family formation, stability and breakdown as a result of a higher rate of tax being payable in some circumstances. We will use the consultation to fully understand these instances.</p>				
Equalities impacts	This measure is not expected to have an impact on people in groups sharing protected characteristics.				
Impact on businesses and Civil Society Organisations	This measure is expected to have no impact on companies or civil society organisations. It only affects individuals and trustees who are eligible for final period exemption or lettings relief when they dispose of a residential property.				
Impact on HMRC or other public sector delivery organisations	It is anticipated that there will be negligible operational impacts for HMRC.				

Other impacts

Other impacts have been considered and none have been identified.

9. Summary of Consultation Questions

Question 1: Do you have any comments about the reduction of the final period exemption?

Question 2: Do you have any other comments about the reform of lettings relief?

Question 3: Do you believe there is a case for legislating to ensure that the benefits of job related accommodation will continue to apply to personnel who organise accommodation through the Future Accommodation Model?

Question 4: Do you have any comments on legislating these ESCs in their present form?

Question 5: Should the receiving spouse always inherit the ownership period and the use to which the property had been put in the past regardless of whether it is a main residence at the time of transfer?

10. The Consultation Process

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stage 2 of the process. The purpose of the consultation is to seek views on the detailed policy design and a framework for implementation of a specific proposal, rather than to seek views on alternative proposals.

How to respond

A summary of the questions in this consultation is included at chapter 9.

Responses should be sent by 1 June 2019, by e-mail to capitalgains.taxteam@hmrc.gov.uk

or by post to:

Private Residence Relief consultation, Assets and Residence Team, Business, Assets and International Directorate, HM Revenue and Customs, 3C/03, 100 Parliament Street, London, SW1A 2BQ

Please do not send consultation responses to the Consultation Coordinator.

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from [HMRC's GOV.UK pages](#). All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection

Act 2018, General Data Protection Regulation (GDPR) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue & Customs.

Consultation Privacy Notice

This notice sets out how we will use your personal data, and your rights. It is made under Articles 13 and/or 14 of the General Data Protection Regulation

Your Data

The data

We will process the following personal data: Name

Purpose

The purpose(s) for which we are processing your personal data is to record responses to a public consultation: Capital Gains Tax: Private Residence Relief: changes to the ancillary reliefs

Legal basis of processing

The legal basis for processing your personal data is that the processing is necessary for the exercise of a function of a government department.

Recipients

Your personal data will be shared by us with HM Treasury.

Retention

Your personal data will be kept by us for six years and will then be deleted.

Your Rights

- You have the right to request information about how your personal data are processed, and to request a copy of that personal data.
- You have the right to request that any inaccuracies in your personal data are rectified without delay.
- You have the right to request that any incomplete personal data are completed, including by means of a supplementary statement.

- You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.
- You have the right in certain circumstances (for example, where accuracy is contested) to request that the processing of your personal data is restricted.

Complaints

If you consider that your personal data has been misused or mishandled, you may make a complaint to the Information Commissioner, who is an independent regulator. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
casework@ico.org.uk

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

Contact details

The data controller for your personal data is HM Revenue & Customs. The contact details for the data controller are:

HMRC
100 Parliament Street
Westminster
London SW1A 2BQ

The contact details for HMRC's Data Protection Officer are:

The Data Protection Officer
HM Revenue & Customs
7th Floor, 10 South Colonnade
Canary Wharf, London E14 4PU
advice.dpa@hmrc.gsi.gov.uk

Consultation Principles

This call for evidence is being run in accordance with the government's Consultation Principles.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

John Pay, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: <mailto:hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk>

Please do not send responses to the consultation to this address.