
1 Capital gains tax: relief on disposal of private residence

- (1) TCGA 1992 is amended as follows.
- (2) In section 222 (relief on disposal of private residence) –
 - (a) after subsection (5) insert –
 - “(5A) A notice under subsection (5)(a) determining which of 2 or more residences is an individual’s main residence for any period (“the period concerned”) may be given more than 2 years from the beginning of the period concerned if –
 - (a) the individual has not at any time previously given a notice under subsection (5)(a) (whether in respect of the period concerned or any other period), and
 - (b) the individual has not at any time during the period concerned held an interest of more than a negligible market value in more than one of the residences.”
 - (b) in subsection (7)(a) (disposal of dwelling-house to a spouse or civil partner) –
 - (i) for “the dwelling-house” substitute “a dwelling-house”, and
 - (ii) omit “which is their only or main residence”,
 - (c) in subsection (8A) (when living accommodation is job-related for a person) after paragraph (b) insert “; or
 - (c) an armed forces accommodation allowance for or towards costs of the accommodation is paid to, or in respect of, the person or the person’s spouse or civil partner”, and
 - (d) in subsection (8D) (interpretation) after paragraph (b) insert “; and
 - (c) “armed forces accommodation allowance” means an allowance which is exempt from income tax by reason of section 297D of ITEPA 2003.”
- (3) In section 223 (amount of relief) –
 - (a) in subsections (1) and (2)(a) for “18 months” substitute “9 months”, and
 - (b) omit subsection (4).
- (4) After section 223 insert –

“223ZA Amount of relief: individual’s residency delayed by certain events

- (1) This section applies where –
 - (a) a gain to which section 222 applies accrues to an individual on the disposal of, or of an interest in, a dwelling house or part of a dwelling-house,
 - (b) the time when the dwelling-house or the part of the dwelling-house first became the individual’s only or main residence (“the moving-in time”) is within the first 24 months of the individual’s period of ownership, and
 - (c) within those first 24 months, but before the moving-in time, a qualifying event occurred.
- (2) But this section does not apply if at any time from the beginning of the individual’s period of ownership until immediately before the moving-in time the dwelling-house or the part of the dwelling-house was another person’s residence.

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- (3) For the purposes of subsections (1) and (2) of section 223, as they have effect in relation to the gain, the dwelling-house or the part of the dwelling-house is to be treated as having been the individual's only or main residence from the beginning of the individual's period of ownership until the moving-in time.
- (4) The following are qualifying events –
- (a) the completion of the construction, renovation, redecoration or alteration of the dwelling-house or the part of the dwelling-house;
 - (b) the disposal by the individual of, or of an interest in, any other dwelling-house or part of a dwelling-house that immediately before the disposal was the individual's only or main residence.”
- (5) After section 224 insert –

“224A Part of private residence let out during period of ownership

- (1) Where –
- (a) a gain to which section 222 applies accrues to an individual on the disposal of, or of an interest in, a dwelling-house or part of a dwelling-house, and
 - (b) at any time in the individual's period of ownership the condition in subsection (2) is met in respect of the dwelling-house,
- the part of the gain that is within subsection (3) is a chargeable gain only to the extent, if any, to which it exceeds the amount in subsection (4).
- (2) The condition is that –
- (a) part of the dwelling-house is the individual's only or main residence, and
 - (b) another part of the dwelling-house is being let out by the individual as residential accommodation otherwise than in the course of a trade or business.
- (3) The part of the gain that is within this subsection is the part that (but for subsection (1)) would be a chargeable gain by reason of the fact that, at the times in the individual's period of ownership when the condition in subsection (2) is met, the individual's only or main residence does not include the part of the dwelling-house that is being let out as residential accommodation.
- (4) The amount is whichever is the lesser of –
- (a) the amount of the gain that is not a chargeable gain by virtue of section 223, and
 - (b) £40,000.
- (5) Where by reason of section 222(7)(a) the individual's period of ownership mentioned in subsection (1) begins with the beginning of the period of ownership of another person, any question whether the condition in subsection (2) is met at a time that is within both those periods of ownership is to be determined as if the references in subsection (2) to the individual were to that other person.”
- (6) In section 225 (private residence occupied under terms of settlement) in subsections (1) and (2) for “224” substitute “224A”.

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- (7) In section 225A (private residence held by personal representatives) in subsections (1) and (5) for “224” substitute “224A”.
 - (8) In section 225B (disposals in connection with divorce, etc) in subsection (1), in the words after paragraph (b), for “224” substitute “224A”.
 - (9) In section 226 (private residence occupied by dependent relative before 6 April 1988) in subsection (2) for “224” substitute “224A”.
 - (10) In section 225E (disposals by disabled persons or persons in care homes etc) in subsection (4) for “18 months” substitute “9 months”.
 - (11) In section 248E(6) (relief on disposal of joint interests in private residence) for “and 223” substitute “, 223 and 224A”.
 - (12) The amendment made by subsection (2)(a) has effect in relation to a notice given on or after 6 April 2020.
 - (13) The amendments made by subsection (2)(b) have effect in a case where the disposal or death mentioned in subsection (7)(a) of section 222 of TCGA 1992 is made or occurs on or after 6 April 2020.
 - (14) The amendments made by subsections (3) to (11) have effect in relation to disposals made on or after 6 April 2020.