



These notes will help you fill in and send your Capital Gains Tax on UK property return.

If you are in any doubt about your circumstances, you should contact your tax adviser. You can also read the Capital Gains Manual. Go to www.gov.uk and search for 'Capital Gains Manual'.

You can find the Capital Gains Tax on UK property account guidance in Appendix 18 of the Capital Gains Manual. Go to www.gov.uk and search for 'CG-APP18C'.

If you need any more help with your return, or you cannot access any of the help sheets or guidance mentioned, phone the Capital Gains Tax Helpline. Their phone number is shown on page 1 of the return.

Capital Gains Tax on UK property references

If you've used the Capital Gains Tax on UK property account to send us a Capital Gains Tax on the UK property return, enter your Capital Gains Tax on UK property account reference. Enter the reference in the 'Your details' section of the return.

If you're sending an amendment, you must tell us the Capital Gains Tax on UK property return reference for the original return. You'll get a Capital Gains Tax on UK property return reference for each new return you send.

Once your return has been processed, we'll send you:

- a 14-digit payment reference starting with X
- confirm your payment date
- tell you how to pay

You do not need to make payment until you receive your payment reference.

About the property disposal

If you owned less than 100% of the property, remember to apportion the values and costs in your calculation.

Working out the initial gain

When to use the market value of the property

The amount you bought or disposed of your property for will usually be the purchase or sale price. However, in some situations you should not enter these amounts in your return and use the market value of the property.

You should use the market value if:

- the property was a gift
- you sold it for less than it was worth to help the buyer
- you inherited it
- you owned it before April 1982

There are special rules for Capital Gains Tax on gifts or assets you dispose of to:

- your spouse
- civil partner
- or a charity

For UK residents who had a property before April 1982, use the market value on 31 March 1982.

For non-UK residents this figure may be a rebased figure as of 5 April 2015 for UK residential property, or 5 April 2019 for UK non-residential property and land.

For more information, go to www.gov.uk and search for 'Tell HMRC about Capital Gains Tax on UK property or land if you're non-resident'.

You can find more information about the market value in the Capital Gains Manual. Go to www.gov.uk and search for 'CG14530'.

Claiming reliefs

Private Residence Relief

Individuals can get the full amount of Private Residence Relief when all of the conditions shown below are met.

The conditions are:

- the dwelling house has been your only or main residence throughout your period of ownership
- you have not been absent, other than for an allowed period of absence or because you have been living in job related accommodation during your period of ownership
- the garden or grounds including the buildings on them are not greater than the permitted area
- no part of your home has been used 'exclusively' for business purposes during your period of ownership - this includes working from home using a room that is not exclusively used for business purposes

You may still get partial relief under certain circumstances if you do not meet all the conditions.

There are different rules for trustees who dispose of an only, or main residence of a person who is allowed to occupy that residence. These rules also apply to personal representatives who dispose of an only or main residence of one or more of the legatees during the administration period.

You can find more information about Private Residence Relief in help sheet HS283, 'Private Residence Relief'.

To look at this, go to www.gov.uk and search for 'HS283'.

You can also find more guidance in the Capital Gains Manual. Go to www.gov.uk and search for:

- CG64200C, 'Private Residence Relief'
- CG65400P, 'Private Residence Relief on the disposal of settled property'

Letting Relief

If you only get partial Private Residence Relief because you've let some of the dwelling house as residential accommodation, you may be able to get Letting Relief. This relief is due where:

- you sell a dwelling house which is, or has been, your only or main residence
- part of the dwelling house has been let as residential accommodation at the same time as another part was your only or main residence during your ownership

You can find more information about Letting Relief in the Capital Gains Manual. Go to www.gov.uk and search for 'CG64700'.

Other reliefs

Depending on the asset that you are disposing of, you may be able to claim other reliefs. Please note, not all reliefs apply to residential property disposals.

A full list of Capital Gains Tax reliefs is available in the Capital Gains Manual. Go to www.gov.uk and search for 'CG60201C'.

Capital Gains Tax losses

If you report a loss, the amount is deducted from the gains made in the same tax year. If your total taxable gain is still above the tax-free allowance, you can take away unused losses from previous tax years. If they reduce your gain to the tax-free allowance, you can carry forward the remaining losses to a future tax year.

HMRC has guidance on special rules for losses. Go to www.gov.uk and search 'Capital Gains Tax: what you pay it on, rates and allowances'.

The Capital Gains Manual gives more information on allowable losses. Go to www.gov.uk and search for 'CG15800'.

Working out your gain or loss

Capital Gains Tax annual exempt amount (AEA)

Your Capital Gains Tax AEA is an annual tax-free allowance which you can only claim once a year. If your gain is less than the AEA, the remainder can be carried forward to be used against gains in the same year.

Each individual can get an AEA. This can be deducted from overall gains.

Trustees can normally get an AEA of half the amount that is allowed to individuals.

If you're reporting as a personal representative of an estate during the administration period, you can get the full AEA for the rest of the tax year in which the death occurred and for the following 2 tax years. This means one AEA against gains in each of those years. After that, there's no tax-free allowance against gains during the administration period.

For the 2022 to 2023 tax year the AEA is:

- £12,300
- £6,150 for trusts

For more information about Capital Gains Tax rates and allowances, go to www.gov.uk and search 'Capital Gains Tax rates and allowances'.

Work out your overall gain

For UK residents, your taxable gain is worked out by taking the disposal value and deducting:

- the purchase price
- costs
- reliefs
- losses
- any appropriate annual exempt amount

For non-UK residents there are different methods available. For more information about this, go to www.gov.uk and search 'Tell HMRC about Capital Gains Tax on UK property or land if you're non-resident'.

Your overall gain is not the amount of Capital Gains Tax you need to pay.

Working out your liability

Your gross income

We need your gross income as part of this return to work out the Capital Gains Tax rates that will apply to you.

This amount may simply be the expected amount of income from UK employment or self-employment before any deductions of tax or National Insurance.

You should not include money made from:

- selling the property
- ISAs
- tax credits
- income from any foreign employment

If you're unsure of your exact gross income for the year, enter an estimated amount.

Personal Allowance

Your Personal Allowance is the amount you can earn before you need to pay tax. It is used to work out the Capital Gains Tax rate you need to use - see 'Calculating your Capital Gains Tax liability'.

You cannot deduct your Personal Allowance from your gain.

For more information about Personal Allowance, go to www.gov.uk and search 'Income Tax rates and Personal Allowances'.

Calculating your Capital Gains Tax liability

For UK resident individuals, the Capital Gains Tax rate you use depends on the total amount of your taxable income. So, you'll need to work out your taxable income first. Your taxable income is your gross taxable income minus your Personal Allowance.

If your taxable income and your taxable capital gain added together are less than the basic rate band (£37,700 for the 2022 to 2023 tax year), you'll pay Capital Gains Tax at the basic rate for residential property (18% for the 2022 to 2023 tax year).

If your taxable income and taxable gain added together are more than the basic rate band, you'll pay tax at the basic rate (18% for 2022 to 2023 tax year) up to the threshold. You'll then pay the higher rate (28% for the 2022 to 2023 tax year) on the rest of the amount.

Capital Gains Tax rates that apply for gains made on non-residential property are 10% and 20% (for the 2022 to 2023 tax year).

If you're a non-UK resident, you can find more information about Capital Gains Tax rates online. Go to www.gov.uk and search 'Work out your tax if you're a non-resident selling UK property or land'.

If you're a trustee or personal representative of an estate, you'll pay a Capital Gains Tax rate of 28% for disposals of residential property (in the 2022 to 2023 tax year).

For more information about tax rates, go to www.gov.uk and search 'Income Tax rates and Personal Allowances'.