

# **You've sold a house - now what?**

## Avoid sleepwalking into £1,600 of penalties

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## NEW RULES WHEN YOU SELL A PROPERTY

For as long as anyone can remember, gains realised when selling any assets have been dealt with when completing your annual Tax Return after the end of each tax year.

But last year the government changed the goalposts. They now require property sales to be reported to them within 30 days of the sale, plus any Capital Gains Tax (CGT) to be paid in full at the same time.

## THE 30-DAY CGT RETURN

Whilst there's no change to the amount of tax you pay, it's now due much earlier. And you could argue that paying the tax when you make the gain sounds fair enough.

The issue, however, is the gov't has done a really bad job of publicising this. And, sadly, conveyancers are staying tight-lipped about it in case they get accused of providing unqualified tax advice.

So the fallout is that we now have taxpayers coming to us after the end of the tax year, asking us to report their property sale (which might have happened up to 12 months ago), and we have to break the news that they should have done it at the point of sale, and are about to get a battering from HMRC's penalty regime.

## THE PENALTIES

In addition to interest on the late payment of CGT, which might not be much at all, the penalty regime for the late return is what can really sting. These work out at:

- £100 after 30 days
- £10 per day after 3 months (max £900)
- £300 after 6 months
- £300 after 12 months

Total penalties: up to £1,600. Oh, and if this was a jointly-owned property, that penalty is **per person!**

As you'll see below, just registering for the CGT return can take a few weeks, which eats in to your 30-day window. So if you're even **thinking about** selling a property, please start the registration process right away.

This won't commit you to preparing a return unless the sale goes ahead, and the 30-day clock doesn't start until the completion date.





## GET OUT OF JAIL FREE

As with everything, there's some escape clauses. Broadly you only need to complete a 30-day CGT return **if the disposal gives rise to a tax liability**.

So, if you've sold your property at a loss, there's no gain, and no return due.

You're also off the hook if the gain will be covered by the CGT Annual Exemption or Principal Private Residence Relief **and** it's the only disposal you've made in the tax year.

These new rules only apply to residential property in the UK - not land, commercial property or indeed any other assets.

But if none of the above apply, it's time to complete a CGT Report...and soon!

## COMPLETING YOUR CGT RETURN

This is an entirely digital process. We'd recommend you engage a Chartered Accountant to do the leg work - including the tax calculations and, crucially, ensuring you take advantage of all potential allowances and reliefs.

But **you** as the taxpayer will need to create a Government Gateway and, within that, create a "Capital Gains Tax on UK Property Account". Frustratingly, your accountant cannot start the process for you. It's bonkers, but there we are.

You'll then need to authorise our access to your account. We find a Zoom call is the easiest way to show you how to do this - HMRC's website isn't what we would call "intuitive".

Once we've got access to your account, we'll take it from there. You won't need to do anything else apart from approving your return and, of course, pay any tax.

## THE COST OF GETTING THIS RIGHT

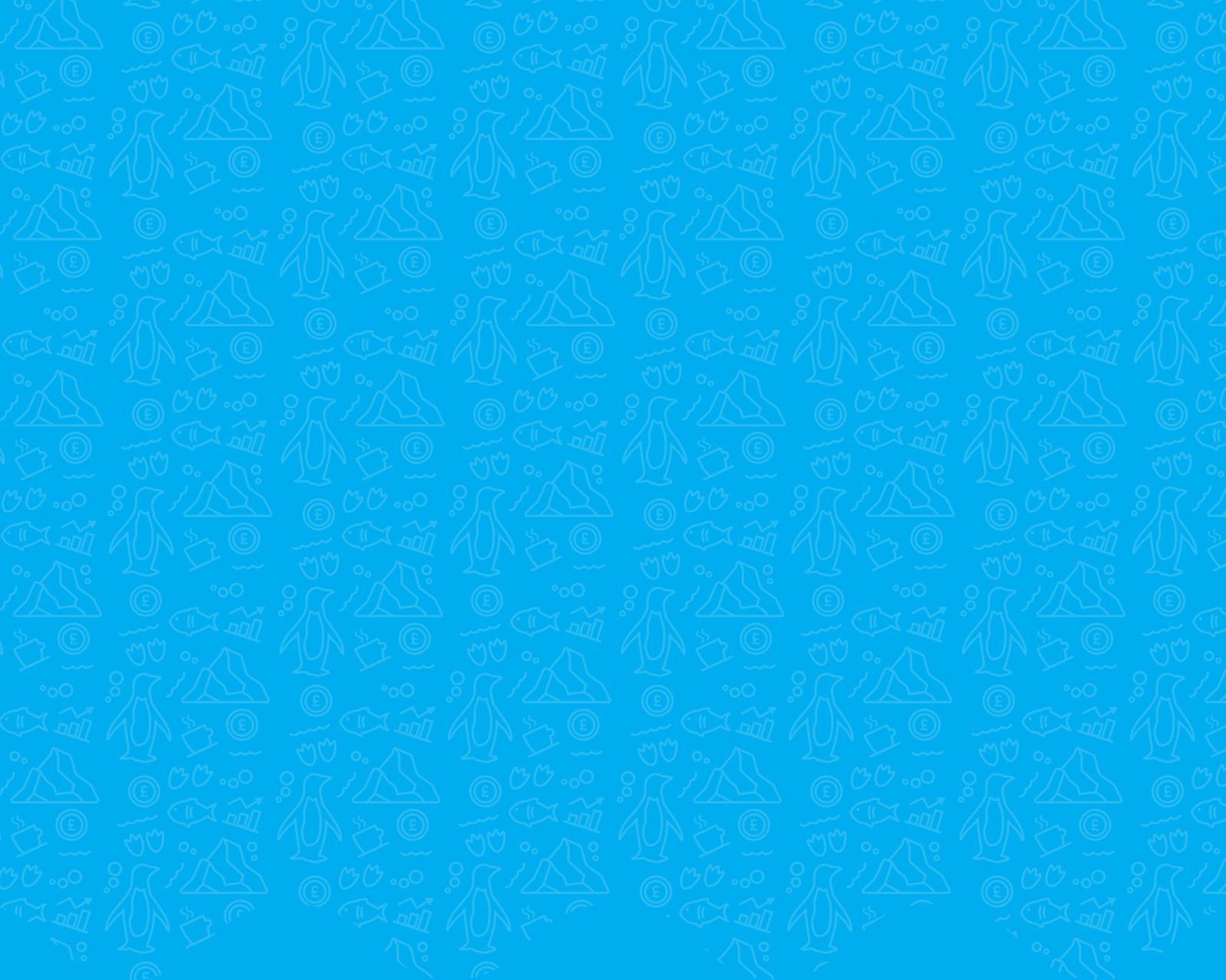
This helpsheet has been prepared as a general guide to the main things you need to consider when selling residential property. It's not exhaustive, and everyone's circumstances are different.

As you can see from the above, leaving it all until the end of the tax year is going to generate significant penalties and interest. Don't put your head in the sand; our fee for dealing with a 30-day CGT return is just £360 plus VAT.

Alternatively, if you'd like to do this yourself but just want some advice, then you can [book a consultation here](#).

It's fair to say that our costs in Getting This Right are significantly lower than the costs in penalties and interest of Getting This Wrong.

### DISCLAIMER



[info@blue-penguin.co.uk](mailto:info@blue-penguin.co.uk)

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