



NEWS INTERNATIONAL

E-MAIL NEWSLETTER
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Dear Sir or Madam,

Do you own property in the UK?

There have been some dramatic changes affecting UK property held outside the UK. New laws have been introduced to equalise the playing field for owners at home and abroad. Make sure you don't get caught out by the new provisions. Some only have a 30 day filing deadline.

Capital Gains Tax (CGT) on Commercial as well as Residential

From 6 April 2013 non-UK resident companies began to pay CGT on disposals of UK residential property. In 2015 this was extended to individuals holding UK residential property so all non-UK residents were subject to CGT on UK residential property.

From 6 April 2019 CGT applies to all non-UK residents who hold UK property whether residential or commercial.

As each new charge was brought in, rebasing applied, and CGT only applied to the increase in value from the date of introduction (unless using the actual cost of the property gave a better result) and this can still apply.

Under the 2019 regime non-UK residents will also pay CGT on a sale of shares in a company where:

- at least 75% of the company's value comes from UK land and
- the shareholder owns at least 25% of the company's shares - the holdings of some family members are added together to see if the 25% test is met; or

- The shareholder (and their connected shareholders) has met the 25% test within the two years before the sale.

Inheritance tax (IHT)

On death IHT is charged at 40% on the value of their assets over the available part of the nil-rate band (currently £325,000).

Domicile is a concept different from residence which looks at long term connection to the UK of the individual and their parents and grandparents. Where someone is not UK domiciled they would usually only be charged IHT on UK assets and previously, this did not include UK assets held through a non-UK incorporated company.

However, from April 2017, non-UK residents (and also non-UK domiciled) individuals who held UK residential property through offshore structures such as companies and trusts are now subject to UK IHT.

IHT will now apply to any entity which derives its value directly or indirectly from UK residential property and also extends to loans (whether held directly or through companies or trusts) to acquire, maintain or improve UK residential property. Someone funding the purchase of a UK property would pay IHT on that loan on death.

We are happy to help you to understand your UK tax exposure and filing obligations on these or any other issues.

Best regards
Yours sincerely,

Janet Pilborough-Skinner



The author

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Partner

Janet Pilborough-Skinner is a partner in UK firm Goodman Jones which is also a member of GMN International.

Janet specialises in advising entrepreneurs and business owners on their personal tax.

Her expertise in onshore and offshore personal taxation planning is relevant to both those in UK and those who come to us looking to establish a business or a home in the UK.

She also advises non-domiciled clients on offshore structures, domicile and residence planning and trusts.

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Company presentation



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We help businesses, both UK and overseas, to review their strategic options, set up and operations.

We also have specialist expertise in advising individuals and families with global wealth.

In addition to our own expertise in London, we can call on GMN International, our worldwide association of legally independent accounting firms.

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