BRIEFING NOTE

November 2015

ROOKS RIDER SOLICITORS

Autumn Statement 2015: Key Measures for UK Property and Wealth Planning

The principal announcements made in the Chancellor's Autumn Statement are as follows:

1. Stamp Duty Land Tax (SDLT): Additional Properties

Higher rates of SDLT will be charged on purchases of additional residential properties, such as buy-to-let properties and second homes from 1 April 2016. The higher rates will be three percentage points above the current SDLT rates. This means that for properties worth between £125,000 and £250,000 where the SDLT is currently 2%, buy-to-let landlords will pay 5%. The change will not have an impact on the acquisition of caravans, mobile homes or houseboats or more significantly on corporates or funds making significant investments into residential property. The Government is expected to consult on the policy detail to include looking at whether an exemption for corporates or funds owning 50 or more properties is appropriate.

This follows the restrictions to loan interest relief announced earlier in the summer and set out in our earlier Briefing Note entitled 'UK Summer Budget - Offshore aspects for foreign domiciliaries and their Trustees'. Investors should continue to review their arrangements and consider operating through a company, where relevant.

2. Capital Gains Tax (CGT): Payment Window

From April 2019 CGT due on the disposal of residential property will be required to be made within 30 days of the completion of the disposal. This will not be applicable if the property is covered by the main residence exemption. The current rules are that gains are declared on an individual's Self Assessment Tax Return with CGT payable on 31 January following the end of the tax year in which contracts were exchanged.

3. Avoidance and Evasion Provisions

In addition to the above, it is worth commenting on the following:

3.1 A new criminal offence for tax evasion – a new criminal offence will be introduced which removes the need to prove intent for the most serious cases of failing to declare offshore income and gains. This will be set out in the Finance Bill 2016.

3.2 New civil penalties for offshore tax evaders - Civil penalties for deliberate offshore tax evasion will increase, including the introduction of a new penalty linked to the value of the asset on which tax was evaded and increased public naming of tax evaders. This will also be set out in the Finance Bill 2016.

3.3 New civil penalties for those who enable offshore taxation - New civil penalties will be introduced for those who enable offshore tax evasion, including public naming of those who have enabled the evasion. This will also be set out in the Finance Bill 2016.

3.4 An additional requirement to correct past offshore tax non-compliance - A Consultation will be published on an additional requirement for individuals to correct any past offshore non-compliance with new penalties for failure to do so.

3.5 General Anti-Abuse Rule (‘GAAR’) – A new penalty of 60% of tax due to be charged will apply in all cases successfully challenged as a result of GAAR.

Further details on these measures will be provided in due course once more information becomes available.

For further information on any of the issues raised in this Briefing Note please contact a member of the Rooks Rider Solicitors Wealth Planning Team.

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