

UK Property – Changes for non-UK Residents making disposals now in force

What are the Changes?

- From 6 April 2019, one UK tax regime applies to disposals of both residential and commercial UK real estate by non-UK resident corporate investors. Under the regime, any such investor making a direct or indirect sale of UK property will need to register for UK Corporation Tax within three months of a disposal. This is on the basis that, from 6 April 2019, all such investors are subject to UK Corporation Tax on any chargeable disposal by them of UK property. ATED related CGT is abolished from this date.
- These rules will now therefore capture sales of interests in a property rich entity, e.g. shares in a company, deriving at least 75% of their value from UK property where such a non-UK resident (and related partners) hold a substantial interest in that entity (broadly at least 25%) or sales of commercial properties directly.
- The applicable rate of UK tax is 19% for non-UK resident companies who pay Corporation Tax (CGT) (falling to 17% with effect from April 2020) and for non-UK resident individuals and others paying CGT, up to 20% (in the case of commercial property) and up to 28% (in the case of residential property).
- The new tax changes will in each case only apply to gains arising since 6 April 2019 (i.e. property held at that date will be rebased to its current value).

What else is proposed?

- Non-UK resident companies holding UK property which are not affected by the above changes will in any event need to register with effect from 6 April 2020 when UK rental income will be chargeable to Corporation Tax instead of Income Tax.
- From this date all non-UK companies will then be subject to UK Corporation Tax both on capital gains made on disposals as set out above and on rental income from property.

Those affected should seek advice from a member of our Wealth Planning team:



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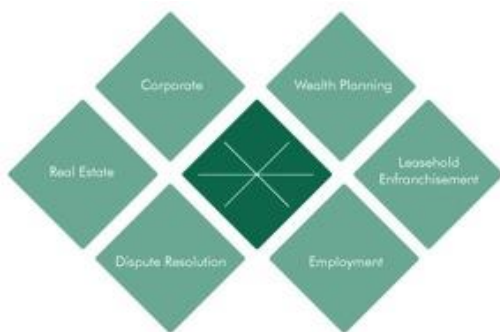
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