

CGT

**081. MAIN RESIDENCE RELIEF AND NEW CGT RETURNS**

Many of the public think that the new CGT returns only apply to those taxpayers with more than one residential property. However, a big area that is likely to be hit is property not qualifying in full for main residence relief, which could bring in many taxpayers who are not currently caught under the self assessment system.

Examples include those residences with big gardens (outside the normal half hectare/reasonable enjoyment rules), horse paddocks included as part of the residence and garden, those individuals with a lack of evidenced quality occupation, property caught in divorce disputes, and more.

Recent tribunal decisions have shown HMRC's enthusiasm to 'hunt down' main residence relief non-compliance. Farmers could possibly be caught by the need to sell let cottages to reduce the investment element of their trading operation for business property relief for inheritance tax purposes.

In practical terms, estate agents and solicitors seem to be taking a 'not my problem' approach, so responsibility appears to fall firmly with tax advisers and accountants. Client communication will be key.

The date for the first submission of the new returns could be as early as May. For example, if exchange takes place on 6 April 2020 (the date of the disposal) and the completion date is 1 May (triggering the 30-day reporting requirement), submission of the return and payment will be due by the end of May 2020.

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