

## More change for UK property owners

### Capital Gains Tax (CGT)

The UK government has published a consultation with the intention to charge non-residents to CGT on all UK immovable property including commercial property with effect from April 2019. This will apply to gains accrued after April 2019 and extends legislation that was introduced from April 2015 on UK residential property. This is a big change and will affect those who changed their investment portfolios from residential to commercial to navigate these charges.

The government has also confirmed that the proposed accelerated payment date for CGT (from 31 January following the tax year to 30 days from disposal) will be deferred until April 2020.

### Annual Tax on Enveloped Dwellings (ATED)

These charges (potentially levied on companies holding residential property valued at £500,000 or more) will rise by 3% from 1 April 2018. This will see the lowest annual charge increase to £3,600 for properties valued at up to £1 million, and to £226,950 for properties valued over £20 million.

### Taxation of non-resident companies

For those with offshore property companies, from April 2020, income and gains from UK property will be chargeable to corporation tax, rather than the current situation where income tax or CGT is levied. This is welcome as corporation tax rates are currently lower at 19% and set to reduce further.

As a separate measure, 'indexation allowance' on property (and any other chargeable asset) held in a company will be frozen from 1 January 2018. This aligns companies with individuals for whom indexation allowance was abolished in 2008.

If you would like to know more then please contact

John Cowan : [john.cowan@crowe.im](mailto:john.cowan@crowe.im)

Pam Harvey : [pam.harvey@crowe.im](mailto:pam.harvey@crowe.im); Elaine Rudge: [Elaine.rudge@crowe.im](mailto:Elaine.rudge@crowe.im)

Crowe Clark Whitehill LLC, 6<sup>th</sup> Floor, Victory House, Prospect Hill, Douglas IM1 1EQ

Tel: 01624 627335; Fax: 01624 677225; Web: [www.crowe.im](http://www.crowe.im)