

## **UK: Implementing a capital gains tax charge on non-residents disposing of UK residential property (Consultation outcome)**

(July 31, 2014)

On March 28, 2014 the UK Government opened a consultation on its intention to subject non-residents disposing of UK residential property to a capital gains tax charge as of April 2015. On July 31, 2014 the UK Government published the preliminary consultation outcome. One of the results of the consultation is that the UK Government now states that it intends to introduce a form of "close company" test to limit the scope of the extension of capital gains tax to non-residents. This is supposed to ensure that the extension capital gains tax will not apply where a disposal of UK property is made by a diversely held institutional investor that holds UK residential property directly, or by one which invests indirectly through an arrangement that is not controlled by a few private investors. The UK government states that it will draw on existing legislation to achieve this.

Furthermore the UK Government states that it understands that many institutional investors may use partnerships as part of the investment structure and that it will therefore consider options to identify the ultimate investors in such structures.

The UK Government announced that it would publish a full response to the consultation in early Autumn 2014.

[Click here](#) to be forwarded to the press release the UK Government published in this respect, with attached the Minutes of consultation working groups.

[Click here](#) to be forwarded to a very interesting article on the subject that was recently published on [Tax Notes](#).

<https://www.gov.uk/government/consultations/implementing-a-capital-gains-tax-charge-on-non-residents>

<http://taxnotes.co.uk/property-tax/new-capital-gains-tax-for-offshore-investors/>