

Holding UK Property

KPMG - Private Client update

November 2022



What is the issue?

HMRC have announced that they will be writing to non-resident corporates that own or did own UK property and are seeking confirmation that they have met all their UK tax obligations. HMRC will use the information from a number of sources to identify the population they consider to be at risk.

Letters will be addressed to non-resident companies who HMRC believe may not have complied with their reporting requirements as a Non-Resident Landlord, their liability to the Annual Tax on Enveloped Dwellings (ATED) or their reporting under Non-Resident Capital Gains Tax (NRCGT).

The letters to the corporate also set out that if there are any UK-resident individuals connected to the company, to ask them to make sure their tax affairs are up to date.



What should clients be thinking about?

Non-resident corporate owners should now consider whether they have met their obligations in respect of the UK property they own or have owned in the past. HMRC assessing powers allow them to bring additional tax into charge for earlier years and they may also seek to apply penalties.

In particular, non-resident corporate owners should now review whether their reporting is correct and up to date in respect of:

1

Rental income - Any rental income received from UK property rental is within the scope of UK taxes and should be reported to HMRC.

2

ATED - The annual charge levied on UK residential properties worth over £500,000. Returns are due in within 30 days of coming into the charge and by 30 April annually thereafter. Reliefs or exemptions may reduce the charge to nil but these must be claimed in a return in order to apply.

3

NRCGT - Any gain realised on the disposal of UK property between 6 April 2015 and 5 April 2019 should have been declared within 30 days of the date of disposal on a NRCGT return. Where the property was purchased before April 2015, part of the gain realised may be subject to tax on the individual participants of the company and they should seek professional advice to ensure they have met their individual UK reporting requirements.

In addition, UK resident individuals who have an interest in the income or capital of the company, whether directly or indirectly, may be within the scope of the UK's Transfer of Assets Abroad provisions and therefore be taxed personally on the income of the company. These rules may also impact UK residents who benefit from occupation of the underlying property.

The UK's Transfer of Assets Abroad provisions are complex and wide-ranging, and individuals may not be aware of their exposure under these rules unless professional advice is sought.



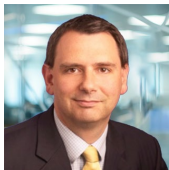
How can we help?

If you have clients who receive a letter from HMRC in this regard, they should take professional advice immediately to understand their exposure to UK tax, if any, and to ensure that they comply with HMRC's request in the most appropriate way.

Alternatively, if you have clients who are unsure whether they have met all their reporting requirements, we would be happy to discuss this with them.

Please contact your usual KPMG contact or one of the team listed below to discuss in further detail.

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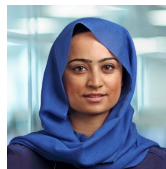
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