

ARE YOU A NON-UK RESIDENT INVESTOR OR COMPANY WITH UK PROPERTY?

Update your property valuations prior to new rules on capital gains tax for non-UK residents/companies holding UK commercial real estate.

Recent significant changes to the taxation of UK commercial real estate held by non-UK residents/companies will mean that capital gains accruing from **6 April 2019** onwards will now be charged UK tax on disposal.

What is capital gains tax?

Tax on any gain made when disposing of an asset, including real estate.

What is the current situation?

No capital gains tax payable by non-UK resident investors

What are the changes?

Tax will become payable on any future property capital gain after the effective date.

When do they come into effect?

6 April 2019

Who will they affect?

- Non UK Companies and High Net Worth Individuals
- The tax will also be payable on the sale of shares or units in property rich entities

Are there exceptions?

Sovereign wealth funds, pensions funds, and charities.

Advantages of rebasing now

There will be only a limited timeframe (most likely 30 days) to prove the rebased value as at **6 April 2019** following the sale of an asset. Retrospective valuations are more costly and will be challenging given the added complications centred around the Brexit negotiations.

Should you be taking any other actions?

Carry out the following to increase capital value prior to the valuation date:

- Spend any planned capital expenditure now;
- Complete advantageous lettings; and
- Secure planning permissions.

Other changes

From **6 April 2020**, non-UK resident corporate landlords receiving UK property income will pay corporation tax and not income tax.



Our Recommendations

It is strongly recommended that formal valuations are carried out **close to 6 April 2019** to document the market valuation contemporaneously and support the rebased cost for tax purposes.

If you think you are affected, you will need robust and accurate valuations undertaken of all your commercial property interests.



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Colliers International's Valuation & Advisory Services team comprises 85 valuers and directors providing valuation advice across all sectors, including Residential, Industrial, Retail and Offices across the UK from London with regional offices in Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester.



It is strongly recommended that formal valuations are carried out to rebase the value of your assets



Contact Us

For more information on how these changes will affect you, please contact one of our market experts.

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