ZAZEN TAX

Selling a Rental Property

About fifty five minutes, and the sixty day clock starts at completion whether or not you have looked at this.

Property .... **Completion date** .... **Date** ....

Capital gains tax on UK residential property has its own return and its own deadline. Sixty days from completion, not with the tax return, and the payment is due at the same time.

1. Before you market it — about 15 minutes

- [ ] **Find the purchase completion statement**
  It has the price and the buying costs on it, and it is the start of your base cost.
- [ ] **Pull every improvement invoice together**
  Extensions, new bathrooms, loft conversions. Not repairs, which were deducted from rent at the time.
- [ ] **Check whether you ever lived in it**
  Private residence relief for the period you did, plus the final nine months, changes the answer substantially.
- [ ] **Decide the timing against your other income**
  The gain sits on top of your income for the year. Selling in a low income year can move part of it to 18 per cent.

> SIXTY DAYS, AND THE EXEMPTION IS NOW £3,000
>
> The return and the payment are both due within 60 days of completion. The annual exempt amount is £3,000, down from £12,300 in 2022/23, so a calculation you did a few years ago understates the bill by thousands.

2. Working out the gain — about 15 minutes

- [ ] **Start from the price you paid**
  Not the value when you started letting it, unless you inherited it, in which case use probate value.
- [ ] **Add the buying costs**
  Stamp duty you paid, legal fees, survey.
- [ ] **Add capital improvements only**
  Anything you already deducted from rent cannot be counted again here.
- [ ] **Deduct the selling costs**
  Agent fees and legal fees on the sale.
- [ ] **Apply the annual exempt amount**
  £3,000, once per person per year across all gains.

3. The sixty day return — about 10 minutes

- [ ] **Register for a Capital Gains Tax on UK Property account**
  It is separate from your Self Assessment account and it takes time to set up.
- [ ] **File and pay within 60 days of completion**
  Both. Filing without paying still attracts interest.
- [ ] **Report it again on your tax return**
  The 60 day return is provisional. The annual return is where it is finalised.

4. Reliefs worth checking — about 10 minutes

- [ ] **Private residence relief, if you ever lived there**
  For the period of occupation plus the final nine months of ownership.
- [ ] **Losses brought forward from other disposals**
  Capital losses carry forward indefinitely if you claimed them within four years.
- [ ] **Transferring a share to a spouse before the sale**
  Transfers between spouses are at no gain no loss, which can use a second exemption and a second basic rate band.

5. After completion about 5 minutes

- [ ] **Close the property out of your records**
  Final rent, final costs, and the date the tenancy ended.
- [ ] **Return the deposit or agree the deductions**
  Within ten days of agreeing the amount.
- [ ] **Keep everything for six years**
  The base cost workings, the completion statements and the 60 day return.

Zazen Tax

Accountants for landlords. zazentax.com/contact

General information, not advice for your circumstances. Rates are 2026/27 for the UK and change from time to time. Regulatory items are England unless stated.