

## **2. CGT administration and compliance**

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### **2.1 Introduction**

The reporting and payment obligations for chargeable gains for those subject to income tax largely fall within the income tax regime (see **2.3** and **2.4**).

However, there are some additional nuances in capital gains reporting that advisers may come across, such as the requirements that can arise where there is a sale of land or property (see **2.3.3**).

This chapter outlines the main issues of which taxpayers should be aware, but does not provide a comprehensive insight into all such administration and compliance obligations.

Persons subject to corporation tax are required to report and pay under the corporation tax regime but this is beyond the scope of this book.

### **2.2 Registration**

Where a taxpayer is required to report and pay CGT through a self-assessment income tax return, they should register for self-assessment with HMRC by 5 October following the tax year end (if not already registered).

There are different ways to register, depending on whether the person is self-employed as a sole trader, self-employed as a partner or not self-employed. They can be found at <https://tinyurl.com/RegSAHMRC>.

#### **Example**

Millie disposes of her shareholdings in January 2024, realising a gain of £50,000. During the 2023-24 tax year, Millie also earns over £100,000 for the first time. She must register for self-assessment.

As Millie does not currently file tax returns, she should register with HMRC for self-assessment by 5 October 2024.

She must report the disposal in her self-assessment tax return.

If a taxpayer realises a chargeable gain during a tax year, but otherwise would not be required to submit a self-assessment tax return, there are alternative ways to report the disposal that avoid the need to register for and file a self-assessment tax return, namely:

- the real time CGT service (see **2.3.2**); or
- the CGT on UK property account (see **2.3.3**).

**Law:** TMA 1970, s. 7

## **2.3 Reporting**

### **2.3.1 Income tax self-assessment**

Capital gains and losses are reported in the CGT summary pages (SA108) in self-assessment tax returns.

As HMRC's summary notes state, SA108 should generally be completed by persons who, during a tax year:

- sold or disposed of chargeable assets worth more than £50,000;
- have chargeable gains (before losses) greater than the annual exempt amount (this is £6,000 for individuals from 6 April 2023);
- have gains in an earlier year that are taxable in the return period;
- want to claim an allowable capital loss or make a capital gains claim or election for the year;
- are not domiciled in the UK and are claiming to pay tax on their foreign gains on the remittance basis;
- are chargeable on the remittance basis and have remitted foreign chargeable gains of an earlier year; or
- made a direct or indirect disposal of the whole or part of an interest in UK property or land when either non-resident, or UK resident and the disposal was in the overseas part of a split year (see **2.3.3, Chapter 4** and **Chapter 18**).

There are instances when the SA108 pages do not need to be completed, for example when only the following items are disposed of/sold:

- exempt assets, such as wasting chattels (see **14.2**);
- a main residence, the sale of which is exempt from CGT under private residence relief (see **Chapter 9**);
- stocks and shares held in tax-free investment savings accounts, such as ISAs and PEPs; or

- UK government or gilt-edged securities, such as National Savings and Investments (NS&I) savings certificates, premium bonds, and loan stock issued by the Treasury.

### ***Claims***

A number of claims, elections and notices can be made in the CGT summary pages of a self-assessment tax return. This includes where a taxpayer wishes to notify that they have made an allowable capital loss in the tax year.

The codes relevant to claims/elections/notices that can be made are summarised as:

Private residence relief where letting relief does not apply	PRR
Private residence relief where letting relief applies	LET
Gift holdover relief	GHO
Rollover relief	ROR
Provisional rollover relief	PRO
Employee shares	ESH
Business asset disposal relief	BAD
Investors' relief	INV
Negligible value claims	NVC
Social investment tax relief	SIR
Other claims	OTH
If more than one code applies	MUL

The relevant three-letter code should be entered in box 8, 20, 28, or 36 of SA108 as applicable. Full details about the claim, election or notice should also be provided in box 54.

Note that in some cases it is also possible to make a claim outside a tax return (for example, in rollover relief claims – see **Chapter 11**).

Where a claim can be made outside of a tax return, this is indicated in the relevant chapter of this annual.

### ***Filing deadline***

The filing deadline for a self-assessment tax return is:

- midnight on 31 October following the tax year end, where a paper return is submitted; or

- midnight on 31 January following the tax year end, where the return is filed online.

### **Example**

Gary needs to file his 2023-24 self-assessment tax return. The return should be filed by midnight on 31 October 2024 (if filing a paper return) or by midnight on 31 January 2025 (if filing an electronic return).

There are instances where a different filing deadline can apply.

Note that, from 6 April 2023, paper returns will not be available to download from HMRC's website. While certain groups of taxpayers will continue to receive paper returns (such as those aged 70 or over who have not filed online), other taxpayers will need to request a paper return by phoning HMRC.

Penalties can apply where a self-assessment tax return is not submitted by its due date. See **2.6** for further information.

**Law:** TMA 1970, s. 8, 12AA

**Guidance:** <https://tinyurl.com/SA108sum> (HMRC self-assessment – CGT summary)

### **2.3.2 Real time CGT service**

Where a UK resident has a capital gain to report, and that gain does not arise from a UK residential property disposal made since 6 April 2020 (see **2.3.3**), the capital gain can be reported through the “real time” CGT service.

Although there appears to have been limited take-up of the service to date, where a taxpayer does use the service, they should report the relevant gain by 31 December in the tax year after the gain arises.

### **Example**

During the 2023-24 tax year, Omar makes a gain that can be reported using the real time CGT service.

If using the real time service, Omar should report the gain by 31 December 2024.

The taxpayer will need a Government Gateway login to access the real time service.

### **Interaction with self-assessment**

Use of the real time CGT service is optional.

If a taxpayer uses the real time service to report and settle the tax due on a gain, there should be no requirement to file a self-assessment tax return (provided the taxpayer does not otherwise need to file a return).

However, taxpayers that are required to submit a self-assessment tax return would still need to report the disposal when they file their return, even if they use the real time service.

Given the above, the real time service is most likely to appeal to taxpayers who have a reportable gain but are not otherwise in self-assessment.

Agents cannot currently use the real time service to report gains on behalf of clients – a taxpayer should report the gain personally.