

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 38 and Schedule 8: Relevant High Value Disposals: Gains and Losses

Background Note

12. These changes, announced at Budget 2014, ensure that the charge to capital gains tax on disposals of residential property continues to be aligned with that property's previous liability to ATED. The value above which a property is potentially liable to ATED decreases from £2 million to £1 million on 1 April 2015 and to £500,000 on 1 April 2016, and the 'threshold amount' for CGT purposes is changing similarly so that the two charges remain aligned. The methods by which ATED-related gains and losses are computed and CGT charged or relieved are not changing except to recognise that owners of certain properties will become liable to ATED and to CGT for the first time as a result of these measures. Gains and losses attributable to periods before they became liable to ATED will continue to be excluded from the charge to CGT on ATED-related gains.
13. These changes further the government's policy objective of ensuring the fairness of tax on residential property. A package of measures including the charge to CGT on high value disposals was announced at Budget 2012 and the charge was introduced by Finance Act 2013, after consultation.