



**Craig Whittaker MP**

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## **Capital Gains Tax on Commercial Property Transactions**

Thank you for contacting me about Capital Gains Tax on commercial property transactions.

I think that it is vital to ensure that everyone is paying their share of tax. If those with the most in society are not making a fair contribution, we will not be able to fund our public services, and the tax burden will disproportionately fall on those who cannot take advantage of tax-efficient arrangements. Thanks to the significant steps which have already been taken since 2010 to tackle avoidance, evasion, and non-compliance, the UK's 'tax gap' is now one of the lowest in the world.

I was very pleased that at the Autumn Budget the Government confirmed its intention to build on this good work by legislating to ensure non-residents do not enjoy a tax advantage when disposing of UK property. All gains on non-resident disposal of UK property will be brought within the scope of UK tax. This will apply to gains accrued on or after April 2019, and there will be targeted exemptions for institutional investors such as pension funds, to ensure there are no unintended consequences of this measure.

When this issue was brought up during consideration of the Finance Bill in October, for a number of reasons, the Government did not support adding New Clause 2 as drafted. Ministers were clear at that time that the Treasury would continue to look closely into this issue, but commercial property is an incredibly complex area of the law and it is important to ensure that any action in this area is properly considered before bringing forward legislation. I welcome the fact that the Government will now be doing this following the Budget.

Rules already introduced in 2015 ensure that non-residents now do pay tax for the sale of UK residential property. These new measures will strengthen those rules, by ensuring that this also applies to disposal of non-residential property. I can also assure you that all UK residents, whether UK-based or non-domiciled, do pay tax on profits from selling UK land.

I hope this is reassuring. Thank you again for taking the time to contact me.

Kind regards,

Craig Whittaker MP