



# Capital Gains Tax event

Monday 15th March 2021



**Moderator Welcome**  
Leonie Webster, Tax Partner  
at Deloitte

# Speakers



**Christopher Austin**  
Head of Tax,  
Private Assets  
Schroders



**John Powlton**  
Head of Real Estate  
Tax  
M&G



**Wayne Strangwood**  
HMRC Policy &  
Technical Lead -  
Collective Investment  
Schemes/ Business,  
Assets and  
International at HMRC



**Leonie Webster**  
Tax Partner  
Deloitte

# Agenda for today

- 10.15 Webinar start
- 10.15 Welcome from Moderator - Leonie Webster, Deloitte
- 10.20 A reminder of where we are with CGT - Leonie Webster, Deloitte
- 10.30 Presentation on the changes to the legislation - Wayne Strangwood, HMRC
- 10.40 Panel Session & Member Q&A - Leonie Webster & Wayne Strangwood are joined by Christopher Austin, Schroders and John Powlton, M&G
- 11.00 Close



# Where we are with Capital Gains Tax

Leonie Webster, Tax Partner  
Deloitte

# NRCGT

## Core and CIV provisions

### Direct charge

- Sale of asset directly

### Indirect charge

- 75% UK property-richness
- 25% substantial indirect interest

### UK property-rich Collective Investment Vehicles

- Collective Investment Schemes (CISs)
- Alternative Investment Funds (AIFs)
- UK REITs
- Non-resident companies meeting the 'property income condition'



### 25% 'switch-off'

*and depending on the nature of the CIV...*

**Deemed company**

**Transparency regime**

**Exemption regime**

# Transparency regime

## Conditions and considerations

### Conditions

- Offshore CIV (not a partnership)
- UK property-rich
- Income tax transparent
- All investors must consent

### Timing

- 12 months to decide 'once and for all'
- Irrevocable

### Effects

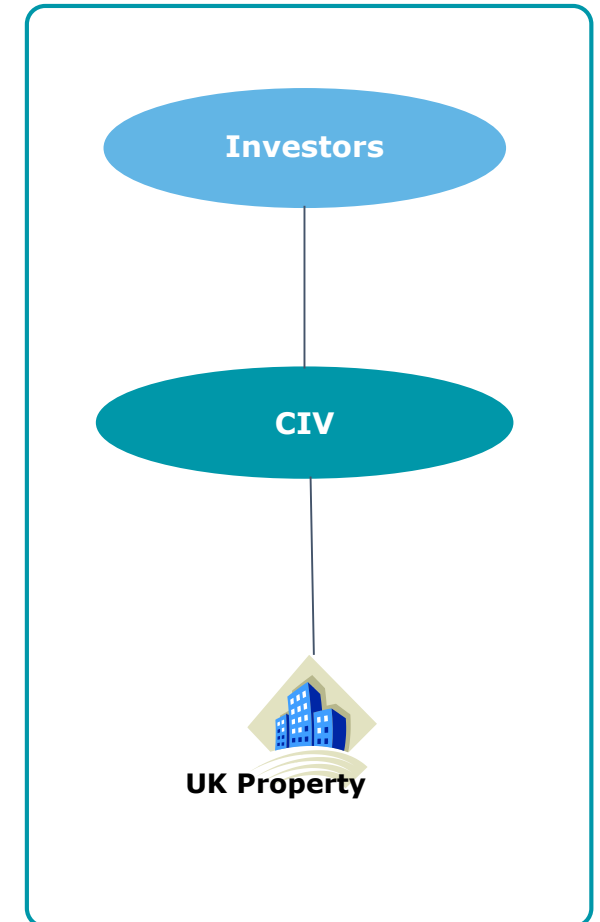
- CIV treated as a transparent partnership

### Filings

- Partnership tax return
- Each investor required to meet individual filing requirements

### To consider:

- Disposal of assets and reporting to investors
- Disposals wider than just sale
- Base cost monitoring
- SPD12



# Exemption regime

## Conditions and considerations

### Conditions

- Offshore CIV, or a company owned by a LP or CoACS
- UK property-rich
- GDO / non-close + UK tax condition

### Timing

- Can back-date 1 year
- Fund manager discretion
- Revocable

### Effects

- Gains within CIV structure exempt
- NRCGT at investor level

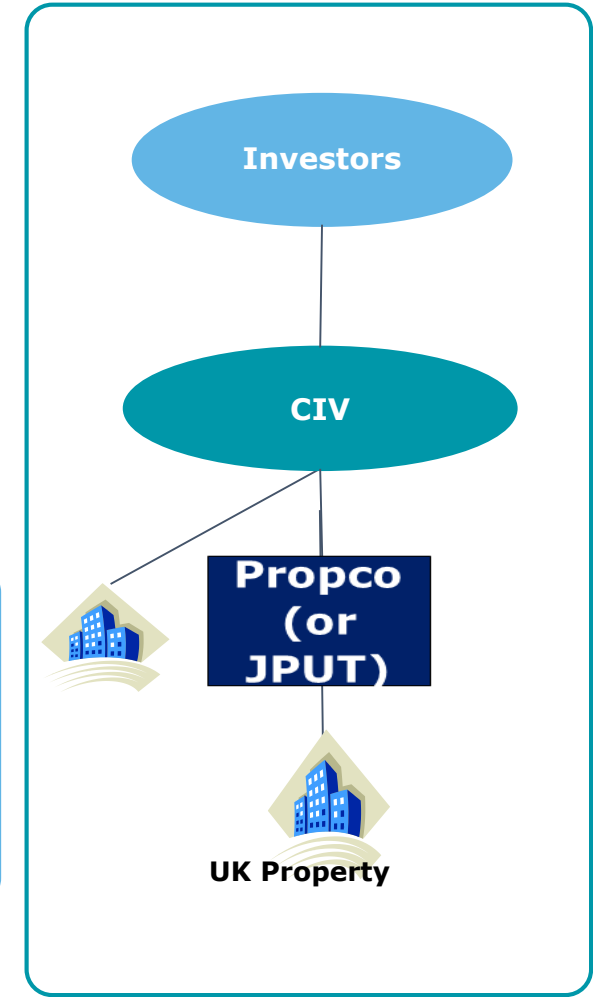
### Filings

- Information with the election
- Annual filings

### Information about fund, disposals and investors

### To consider:

- Monitoring and reporting
- Manage conditions to ensure no breaches



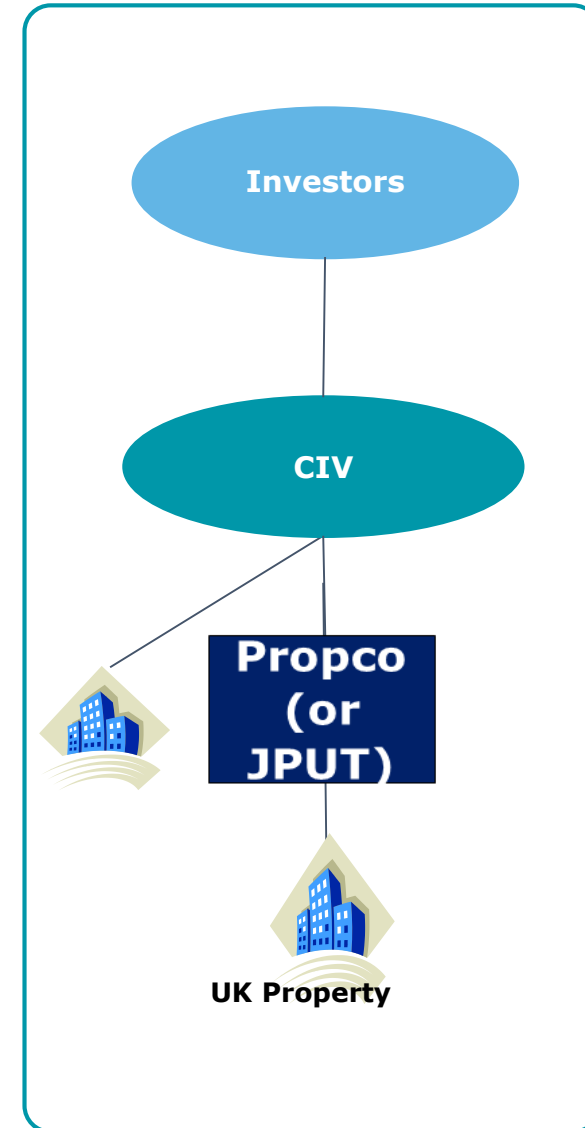


# Exemption regime

## Conditions and considerations

### Monitoring and reporting – to consider:

- Fund status (e.g. residence/CIV status)
- UK property richness
- GDO/non close + UK tax condition
- Investor status and accessing information from investors
- Impact of changes in investors on status
- Capital distribution of exempt gains (para 21)
- Disposals wider than just property sales
- Investor reporting
- Breaches and impact on investors





## Changes to the Legislation

Wayne Strangwood, HMRC Policy & Technical Lead - Collective Investment Schemes/ Business, Assets and International  
HMRC



HM Revenue  
& Customs

## Non-Resident Capital Gains

THE UK PROPERTY RICH COLLECTIVE  
INVESTMENT VEHICLES (AMENDMENT OF THE  
TAXATION OF CHARGEABLE GAINS ACT 1992)  
REGULATIONS 2021 (S.I. 2021/213)

Wayne Strangwood  
HMRC Policy & Technical Lead - Collective Investment  
Vehicles



HM Revenue  
& Customs

## What do the Regulations do?

- The amendments address issues raised following implementation of the legislation, and correct minor errors.
- The Regulations will come into force and take effect from 24 March 2021
- The most significant change is the introduction of a limited 'portfolio exemption'
- Changes also made to clarify how paragraph 21 of Sch 5AAA operates, and to correct an error relating to how the property income condition in paragraph 1(2A) applies for the purposes of determining whether a company comes within the definition of a CIV at paragraph 1(1)(f).



## The portfolio exemption

Regulation 6 introduces new paragraphs 7A and 7B into Schedule 5AAA and provides that, subject to applicable conditions –

- non-UK resident life assurance companies, and
- non-UK resident, non-UK property rich CIVs

will not be within a potential charge to tax when they make a disposal of an interest in a UK property rich CIV if, immediately before the disposal, they do not have a 10% or more investment in the CIV.

Subject to conditions –

- Life companies: UK land no more than 40% of the total MV of assets
- CIVs:
  - must meet non-UK real estate condition, and GDO (or, if a company, be non-close)
  - Must not be a “UK feeder vehicle” immediately before disposal (at least 85% of the market value of the assets of the vehicle at that time derive from units in a single collective investment vehicle that is UK property rich).



## Paragraph 21

- Regulation 8 amends paragraph 21 to make it clearer that a deemed disposal will not be treated as arising where the value in question has already been taxed on another person.
- Regulation 8 also makes provision for cases where the underlying value is only partly charged to tax as income, by providing for a just and reasonable reduction of the market value on a deemed disposal for investors so that any gain is reduced.
- Where such a reduction is to be made, regulation 9 amends paragraph 23 of Schedule 5AAA to provide a similar just and reasonable reduction to the sum treated as received by investors for the purposes of determining how much tax is immediately brought into charge on a deemed disposal



HM Revenue  
& Customs

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# Q&A Discussion

*To ask a question to the panel:*

*Click the Q&A button at the bottom of your screen to bring up the Q&A board*

*To unmute and join the discussion, please raise your hand electronically  and you will be unmuted*





**Thank you**

*The slides and recording from this webinar will be send to AREF members later.*