

Adviser Edge

Reporting and paying Capital Gains Tax (CGT) due on Residential property disposals

CATEGORY: INVESTMENT AND TAX

Key Takeaways

- Residential property gains follow a 60 day reporting and payment regime
- Individuals in self-assessment must submit both the 60 day return and declare the residential property gain on their self-assessment return
- Payment of CGT is due within the same 60 day period as the property return

CGT on Residential property

CGT applies when an individual disposes of a Residential property that is not fully covered by Private Residence Relief (PRR). This includes second homes, buy to let properties and properties partly used for non residential purposes.

Where total gains in the tax year exceed the Annual Exempt Amount (AEA), currently £3,000, CGT will normally be payable.

Reporting residential property disposals

UK residents must report relevant residential property disposals using HMRC's UK Property Reporting Service.

CGT on Residential property is charged at:

- 18% for gains within the basic rate band
- 24% for gains within the higher and additional rate bands

The rate applied depends on the individual's total taxable income and gains in the tax year.

Deadlines for declaration

UK residents who dispose of a chargeable residential property must report and pay any CGT due within 60-days of completion (not exchange), if the gain exceeds the AEA.

- Where an individual is already in self-assessment, they must file the 60-day property return and also report the gain within their self-assessment tax return for the year.
- Where an individual is not in self-assessment, they must submit the 60-day property return. Depending on wider circumstances (for example, updated income figures), they may later need to register for self-assessment or amend the property return if income estimates change.

Please note that a separate return is required for each residential property disposal.

Non UK residents must report all UK property and land disposals, also within 60-days, whether or not tax is due.

In practice, if a chargeable gain was realised due to a disposal of a residential property, completed on 10 August 2025, the gain must be reported and payment made by 9 October 2025

Payment of CGT

Payment must also be made within the 60 day period. Once the return is submitted, HMRC issues a unique payment reference, which must be used when making payment.

Late return and payment penalties

When dealing with the disposal of a Residential Property, failure to file or pay the CGT owed from the day after the 60 day deadline, will normally result in interest and penalty charges from HMRC.

Late return penalties

- £100 fixed penalty immediately after missing the 60-day deadline
- At 6 and 12 months: £300 penalty or 5% of the tax due (whichever is higher)

Late payment

- Interest charged daily from day after the 60 day deadline until payment is made, plus
- Late payment penalties of 5% of unpaid tax may apply at 30 days, 6 months and 12 months

Penalties are cumulative and apply in addition to interest.

HMRC interest rates change and are published on GOV.UK (for example, the late payment interest rate was 7.75% in January 2026). Always refer to HMRC website for the current late payment interest rate.

Although the wider penalty regime includes daily penalties after 3 months, HMRC have confirmed they do not charge daily penalties for late 60-day reports.

HMRC compliance checks

From 6 April 2024 the CGT AEA was reduced to £3,000. This reduction from the previous high of £12,300 (2022/23) materially increases the likelihood that individuals disposing of chargeable assets will have a CGT liability. HMRC uses extensive data-matching tools to identify unreported property disposals, including:

- Land Registry and conveyancing data
- Estate agent and solicitor information
- Financial institution records
- Cross referencing with self-assessment and PAYE records

Summary

Residential property disposals must be reported and paid within 60-days of completion, even if the individual also files a self-assessment return.

Maintaining detailed records of acquisition costs, improvement costs, periods of occupation, and reliefs is essential to ensure accurate reporting and avoid penalties.

Tax when you sell property: What you pay it on:

<https://www.gov.uk/tax-sell-property>

For disposals of other chargeable assets (e.g., shares, investment funds, crypto), refer to our companion document: [**Reporting and paying Capital Gains Tax \(CGT\) due on Chargeable disposals**](#)

Information correct as at February 2026. Advisers should confirm current rules on GOV.UK before relying on this guidance.

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