Capital gains tax 30-days reporting service: offsetting an overpayment

Personal tax

30 July 2021

HMRC provide an interim process solution for offsetting a capital gains tax overpayment arising under the capital gains tax 30-days reporting service, required in respect of sales of UK residential property since 6 April 2020.

The CIOT, ATT and other professional bodies met HMRC recently through the medium of the Issues Overview Group to focus on the ongoing issues with the capital gains tax (CGT) 30-days reporting service. (The Issues Overview Group is a joint forum of HM Revenue and Customs and professional bodies, which progresses important operational issues or problems raised on the online Agent Forum, or otherwise identified by HMRC or professional bodies.)

Members will be aware that there are a significant number of ongoing issues with the CGT 30-days reporting service. It has been very helpful to hear from members about the problems being encountered in practice when attempting to file on behalf of clients. It is hoped that HMRC will address some of these issues in the short term through enhanced guidance, including in relation to amendments and estimates, repayments and the difficulties in filing on behalf of non-residents and estates.

In the meantime, HMRC have provided an interim solution to one current issue: that of offsetting an overpayment of CGT under the CGT 30-days reporting service against an income tax and Class 2 National Insurance contribution (NIC) liability in the 2020/21 self-assessment tax return.

Taxes Management Act 1970 s 59B indicates that a balancing payment of the difference between the total income tax and CGT liability and the income tax and CGT payments on account can be made. However, HMRC’s systems do not presently allow for the offset of an overpayment of CGT under the 30-day reporting service against an income tax/NIC liability in the self-assessment return. Therefore, HMRC

have provided interim guidance to address the system issue, as reproduced below and published on the CIOT and ATT websites.

HMRC guidance: Offset of UK property disposal capital gains tax

- After submitting an in-year UK Property Disposals return, if the user needs to amend their return, they can do so via the UK Property Disposals return service or via their Self Assessment tax return.
- If they amend via the UK Property Disposals return service, and their liability reduces, they can claim a repayment via the service. This will then be processed by HMRC.
- If the user chooses to amend via Self Assessment, they should complete the Self Assessment tax return with their overall Capital Gains Tax (CGT) residential property gains and the total gains or losses and tax charged via the UK Property Disposals return service.
- After all relevant sections of the Self Assessment tax return are completed, the user should go to view the calculation section and tick the option to View and print your full calculation.

Example output below:

Taxable capital gains	£62,700.00
Residential property and carried interest basic rate	£15,000.00 x 18% £2,700.00
Residential property and carried interest	£47,700.00 x 28% £13,356.00 £16,056.00
minus Tax on gains already paid	£21,000.00
Capital gains tax calculated as overpaid	£4,944.00
Income tax, capital gains tax, and Class 2 National Insurance contributions due	£6,795.87

- The user can then pay the difference between the Income Tax, CGT and Class 2 NICs due figure and the CGT calculated as overpaid figure. In the example above:
- £6,795.87 – £4,944.00 = £1,851.87
- Please note that the Self Assessment payment deadline is the 31 January following the tax year.
- The user should then contact HMRC by telephone on
- 0300 200 3300 to enable HMRC to make a manual adjustment. If any further action is required by the user HMRC will contact them to advise what that is.
- If the user chooses to make payment in full of the Income Tax, CGT and Class 2 NICs figure (£6,795.87), they should contact HMRC to request a repayment of their overpayment. This will then be reviewed by HMRC.
- Once the Self Assessment tax return has been submitted, the user should not attempt to amend their UK Property Disposals return for the corresponding tax year.

This interim process will be communicated further by HMRC via the agent forum and via GOV.UK. HMRC recognise that this interim process requires an additional step (having to contact HMRC following submission of the Self Assessment return) and will be working to explore a more satisfactory solution for the longer term.

One further point to note is that the interim guidance above refers initially, in broad terms only, to amending the UK Property Disposals return (the 30-days return). FA 2019 Sch 2 para 15 sets out the statutory requirements and limitations for making a further return in certain circumstances (for example, where an estimate changes) and para 19 provides for amendments to returns.

The ATT have made further comment on this issue in their news article (see www.att.org.uk/210628_property_reporting) and are continuing to update their ‘User’s Guide’ as we learn more about the service (see www.att.org.uk/PRS_user_guide) .