

Guide to UK taxes on UK property  
6 April 2024

## 1. Assumption set

- Purchase price £10m
- Individual is UK tax resident non-UK domiciled or non-UK tax resident and pays UK income tax at the additional rate
- Where an individual purchases the property, they already own at least one other residential property worldwide
- Where an individual connected to the purchaser will be occupying a residential property, market value rent will not be paid
- References to a trust means a non-UK tax resident discretionary trust which will purchase the property directly. The settlor will retain an interest in this trust
- References to a company means a non-UK tax resident SPV where 75% or more of the gross asset value is UK land and in which an individual has an interest of least 25%
- Rent agreements are with unconnected third parties

## Limitations and disclaimer

This presentation is intended only as a guide in highlighting general issues which may be of interest. It is not a substitute for full professional advice and specialist assistance should be sought in relation to any particular circumstances. Accordingly, no responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this presentation can be accepted.

By reading further you accept the above limitations and disclaimer.

In any event, all matters arising from any dispute concerning this presentation will be subject to the jurisdiction of the UK Supreme Court and governed by the laws of England and Wales.

**2. Residential property to occupy**

|                     | <b>Offshore Company</b>   | <b>Offshore Trust</b>   | <b>Individual</b>   |
|---------------------|---|---|---|
| Stamp Duty Land Tax | £1,700,000  | £1,611,250  | £1,611,250 (foreign buyer)<br>£1,411,250 (local buyer)  |
| Annual Charge       | £67,050   | N/A   | N/A   |
| Income Tax          | N/A   | N/A   | N/A   |
| Inheritance Tax     | Market value less deductible debt and nil rate band will be taxable at 40%  | 6% every 10 years and pro-rated on distribution. Upon death of settlor market value less deductible debt and nil rate band will be taxable at 40% | Market value less deductible debt and nil rate band will be taxable at 40%  |
| Capital Gains Tax   | Sale of shares – nil for remittance basis user. Otherwise 20% after re-basing on 6 April 2019<br>Sale of property – 25% after re-basing on 6 April 2015 | Nil if principal residence and life interest<br><br>Otherwise 24% after re-basing on 6 April 2015   | Nil if principal residence<br><br>Otherwise 24%<br><br>Re-basing on 6 April 2015 available for non-UK tax residents |

### 3. Residential property to rent

|                               | Offshore Company   | Offshore Trust  | Individual   |
|-------------------------------|--|---|--|
| Stamp Duty Land Tax           | £1,611,250   | £1,611,250  | £1,611,250 (foreign buyer)<br>£1,411,250 (local buyer)                     |
| Annual Charge                 | N/A  | N/A   | N/A  |
| Corporations Tax / Income Tax | 19-25%   | 45%   | 45%  |
| Inheritance Tax               | Market value less deductible debt and nil rate band will be taxable at 40%   | 6% every 10 years and pro-rated on distribution. Upon death of settlor market value less deductible debt and nil rate band will be taxable at 40% | Market value less deductible debt and nil rate band will be taxable at 40% |
| Capital Gains Tax             | Sale of shares – nil for remittance basis user. Otherwise 20% after re-basing on 6 April 2019<br><br>Sale of property – 19-25% after re-basing on 6 April 2015 | 24% after re-basing on 6 April 2015   | 24%<br><br>Re-basing on 6 April 2015 available for non-UK tax residents    |

**4. Commercial property to rent**

|                               | <b>Offshore Company</b>  | <b>Offshore Trust</b>   | <b>Direct Ownership</b>  |
|-------------------------------|--|---|--|
| Stamp Duty Land Tax           | £489,500   | £489,500  | £489,500   |
| Annual Charge                 | N/A  | N/A   | N/A  |
| Corporations Tax / Income Tax | 19-25%   | 45%   | 45%  |
| Inheritance Tax               | Nil  | 6% every 10 years and pro-rated on distribution. Upon death of settlor market value less deductible debt and nil rate band will be taxable at 40% | Market value less deductible debt and nil rate band will be taxable at 40% |
| Capital Gains Tax             | Sale of shares – nil for remittance basis user. Otherwise 20% after re-basing on 6 April 2019<br><br>Sale of property – 19-25% after re-basing on 6 April 2019 | 20% after re-basing on 6 April 2019   | 20%<br><br>Re-basing on 6 April 2019 available for non-UK tax residents    |

**5. Residential property to develop**

|                               | <b>Offshore Company</b>   | <b>Offshore Trust</b>   | <b>Direct Ownership</b>  |
|-------------------------------|---|---|--|
| Stamp Duty Land Tax           | £1,611,250  | £1,611,250  | £1,611,250   |
| Annual Charge                 | N/A   | N/A   | N/A  |
| Corporations Tax / Income Tax | Development profits<br>19-25%   | Development profits<br>45%  | Development profits<br>45%   |
| Inheritance Tax               | Market value less deductible debt and nil rate band will be taxable at 40%  | 6% every 10 years and pro-rated on distribution. Upon death of settlor market value less deductible debt and nil rate band will be taxable at 40% | Market value less deductible debt and nil rate band will be taxable at 40% |
| Capital Gains Tax             | Sale of shares - nil for remittance basis user otherwise 20% (or 10% with Business Asset Disposal Relief) after re-basing on 6 April 2019 | N/A   | N/A  |

**6. Commercial property to develop**

|                               | <b>Offshore Company</b>   | <b>Offshore Trust</b>   | <b>Direct Ownership</b>  |
|-------------------------------|---|---|--|
| Stamp Duty Land Tax           | £489,500  | £489,500  | £489,500   |
| Annual Charge                 | N/A   | N/A   | N/A  |
| Corporations Tax / Income Tax | Development profits<br>19-25%   | Development profits<br>45%  | Development profits<br>45%   |
| Inheritance Tax               | Nil   | 6% every 10 years and pro-rated on distribution. Upon death of settlor market value less deductible debt and nil rate band will be taxable at 40% | Market value less deductible debt and nil rate band will be taxable at 40% |
| Capital Gains Tax             | Sale of shares - nil for remittance basis user otherwise 20% (or 10% with Business Asset Disposal Relief) after re-basing on 6 April 2019 | N/A   | N/A  |

## 7. Contacts



Craig Kemsley FCA CTA  
Partner  
ck@augustprivate.com  
+44 (0)7810 003 064



Nicki Staff FCCA CTA  
Director  
ns@augustprivate.com  
+44 (0)7552 271 010

August Private LLP is a Limited Liability Partnership registered in England and Wales with registration number OC440156 and whose registered office is 67 Grosvenor Street, London, W1K 3JN.