

**HM Revenue & Customs (HMRC) and HM Treasury (HMT) consultation  
Capital Gains Tax: Private Residence Relief: changes to the ancillary reliefs  
Response from the Low Incomes Tax Reform Group (LITRG)**

**1 Executive Summary**

- 1.1 We are pleased to have the opportunity to respond to this consultation on the changes to private residence relief (PRR) which were announced in the 2018 Budget and are due to come into effect for disposals on or after 6 April 2020.<sup>1</sup> We are responding on behalf of low-income taxpayers who would not otherwise be represented in government policy development.
- 1.2 The two main changes to PRR being consulted on are: the reduction of the final period exemption from 18 months to 9 months (other than for those who are disabled or resident in a care home); and a restriction to lettings relief such that it is only available for periods (even prior to 6 April 2020) where the owner occupies the property with the tenant.
- 1.3 The consultation also considers extending the benefits of job-related accommodation in cases of service personnel, legislating Extra Statutory Concessions D21 and D49, and whether in the case of transfers between married persons and civil partners the transferee should always inherit the transferor's ownership and PRR history irrespective of whether or not it was their main residence at the time of transfer. We do not consider these additional proposals in our response.

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/790479/CGT\\_PRR\\_changes\\_to\\_ancillary\\_reliefs.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/790479/CGT_PRR_changes_to_ancillary_reliefs.pdf)

- 1.4 LITRG are concerned about the impact on low-income taxpayers of both the reduction in the final period exemption and the change to lettings relief. We recognise that they are being introduced to tackle perceived avoidance, however both changes appear disproportionate to the risk they are trying to remedy. It is undeniably the case that these changes will bring more low-income taxpayers into scope of capital gains tax (CGT) regime. Even where there is no CGT to pay, because any chargeable gain falls within the individual's annual exempt amount, there will be administrative burdens and compliance costs for both the taxpayer and HMRC – with potentially no benefit to the public purse. Individuals will also have an increased risk of incurring penalties due to ignorance of the law.
- 1.5 The changes provide for a harsher CGT regime for individuals selling a current or former main residence, and it is possible that people will be incentivised to sell their property prior to the rules changing – in less than 11 months' time – as a result. We would rather see a more targeted approach to tackling perceived avoidance, rather than taking these proposals forward. In any case, if they are to go ahead, in order to allow proper time for unrepresented individuals to be made aware of the changes once they have been finalised, and for their impact to be considered, we recommend delaying their introduction to at least 6 April 2021.
- 1.6 Landlords have been subjected to a number of tax changes over recent years and these proposals are likely to lead to some trying to sell their properties – whether before or after 6 April 2020 – with potential consequences on the private rental market as a result of less choice and higher rents for tenants.
- 1.7 We consider that 9 months is not a long enough period to sell a property in a sufficient proportion of cases. Reports indicate a 'gloomy' outlook for the property market,<sup>1</sup> due in part to Brexit uncertainty, which could lead to supply outstripping demand and consequently property being slow to sell. All of this suggests that this is the wrong time to be reducing the final period exemption and, if anything, it should actually be increased.
- 1.8 In any case, we do not consider that the government is justified in reducing the final period exemption to 9 months for *all* disposals of a main residence, in order to tackle a perceived exploitation of the rules. There are a number of alternative ways by which this exploitation may be targeted more effectively, such as attaching further conditions to the final period exemption. HMRC may also consider in appropriate cases the use of s224(3) which denies PRR where the acquisition is with the intention to realise a gain – essentially using existing powers to focus on tackling abuse.
- 1.9 The longer final period exemption for those who are disabled or resident in a care home should be broadened in scope, so that it applies to all individuals who are unable to occupy their home for health reasons. Otherwise, disabled and older people may be

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<sup>1</sup> See, for example: <https://www.theguardian.com/business/2019/feb/14/uk-estate-agents-house-prices-are-at-their-gloomiest-for-10-years-says-rics>

disproportionately affected by the changes, which would fall foul of the public sector equality duty under the Equality Act 2010.

- 1.10 We recommend that the changes to lettings relief should only be applied for periods after 6 April 2020 (or later, if the changes are delayed), to avoid a cliff-edge effect as a result of the retroactive nature of the change. This is especially important, as we anticipate the changes will affect some who have become a landlord in order to avoid the need to sell their home, pushing them down the property ladder when they eventually do.

## **2 About Us**

- 2.1 LITRG is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998, LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low-income workers, pensioners, migrants, students, disabled people and carers.
- 2.2 LITRG works extensively with HMRC and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 2.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

## **3 General comments**

- 3.1 Individuals who will be negatively impacted by the change will be incentivised to sell their former residence prior to 5 April 2020 in order to access relief under current rules – *if* they are aware of the rule change and its impact in sufficient time in order to make such a decision. HMRC have a responsibility and a challenge in this regard, particularly in respect of unrepresented taxpayers and individuals who are not resident in the UK. Lessons should be learned from the widespread non-compliance among those non-resident in the UK who sold UK residential property after 6 April 2015 but failed to complete the non-resident CGT return within 30 days of the sale.<sup>1</sup>

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<sup>1</sup> It was suggested in *Bradshaw [2018] TC6582* that 36% of non-resident capital gains tax returns have been filed late according to data published by HMRC. Unfortunately, it has not been possible to locate the original source of this information.

- 3.2 However, we consider it far more likely that an individual will only realise the personal impact of the change – if at all – either *after* 6 April 2020 or in any case when it is too late to do anything about it. Therefore, if the changes to PRR are to go ahead (about which we have strong reservations) **we would urge a delay until at least 6 April 2021** so that homeowners have sufficient time to be made aware of and act upon them.
- 3.3 Unless the changes are delayed, homeowners who can afford professional representation are likely to have an unfair advantage through being made aware of the rules by their accountant or tax adviser in time for tax-efficient planning. Those landlords who let out their own home without such representation are likely to find out too late that a sale attracts a CGT liability which could have been mitigated – this will be bitter pill to swallow.
- 3.4 Individuals may be unaware of the rules even after disposal of their property, under the illusions we describe in paragraph 4.12 below, so we foresee cases where no gain is reported and – if HMRC catch up with them – potential for penalties, interest and other costs associated with non-compliance. If our suggestions are implemented, these will at least be mitigated.
- 3.5 We are also concerned that the changes to private residence relief will ultimately impact tenants who rent properties which have formerly been their landlord’s main residence. This is because landlords will be incentivised to sell these properties – especially prior to 6 April 2020 (in order to access relief under the current regime) but also beyond 6 April 2020 as a less generous CGT regime will make it less worthwhile to let out your home. This is illustrated by the following comment in relation to the proposals, received from a firm of accountants:
- ‘We have clients who still own former residences standing at capital gains that are now let out and are already planning to evict the tenant and sell the property early next year (by 5 April 2020) if the letting relief rule change goes ahead from 6 April 2020. The letting relief rule change is effectively retrospective legislation and encouraging certain property owners to unsettle tenants and sell a property just because of the substantial jump in CGT from 6 April 2020.’*
- 3.6 According to a survey published by the Residential Landlord’s Association for 2018 Q4, more than one in four landlords intend to sell at least one of their properties over the next year, which is more than the proportion intending to buy at least one property. Tax changes were cited as the key drivers to wishing to sell.<sup>1</sup>
- 3.7 As the properties are sold and removed from the rental market, tenants will face the inconvenience of having to move home (often at short notice), less choice and higher rents, as buying a property continues to be unaffordable for the majority of renters and social

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<sup>1</sup> See page 7, *State of the Rented Sector: Finance and Investment, Quarter 4 2018*  
<https://research.rla.org.uk/wp-content/uploads/RLA-2018-Q4-Qtly-Survey-FINANCE-INVESTMENT.pdf>

housing waiting lists remain long.<sup>1</sup> The impact is exacerbated by the other tax, legal and market changes affecting landlords in recent years, such as:

- relief on mortgage interest payments being restricted, which in some cases can affect those on low incomes and not just higher-rate taxpayers;<sup>2</sup>
- 'wear and tear allowance' having been replaced with the less generous 'replacement relief';<sup>3</sup>
- government plans to consult on making it harder for landlords to evict tenants;<sup>4</sup> and
- property prices over recent years having increased.<sup>5</sup>

3.8 We offer more specific comments on each of the two main changes below. Statutory references are to the Taxation of Chargeable Gains Act 1992.

#### **4 Q1. Do you have any comments about the reduction of the final period exemption?**

4.1 The rationale behind the final period exemption is that an individual who sells their main residence is given a period of time to sell that property without the disposal attracting a CGT liability, regardless of whether or not they are actually in occupation of the property during that time. This means an individual who moves out of a property prior to it being sold (which may be for any number of reasons and not out of choice – see below) is not brought within scope of a charge to CGT simply because of the time taken to dispose of the old residence, provided it is sold within the final period exemption.

4.2 Not only does this mean that individuals need not worry about paying a CGT liability, in most cases they do not need to worry about calculating the gain or reporting it. This is an important relief for those on low incomes, who may not be able to afford professional assistance to ensure any gain is calculated and reported correctly. Selling a property already necessitates incurring significant transaction fees without adding the cost of tax advice. Spare funds are rarely available bearing in mind that the proceeds of sale from one property will usually be applied in full to the purchase of another (except in cases of downsizing or when moving to an area where property is cheaper).

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<sup>1</sup> There were 1.11 million households on local authority waiting lists on 1 April 2018:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/773079/Local\\_Authority\\_Housing\\_Statistics\\_England\\_year\\_ending\\_March\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/773079/Local_Authority_Housing_Statistics_England_year_ending_March_2018.pdf)

<sup>2</sup> <https://www.litrg.org.uk/tax-guides/other-tax-issues/property-income/renting-out-property#toc-how-is-tax-relief-for-interest-and-other-finance-costs-restricted->

<sup>3</sup> <https://www.gov.uk/government/publications/reform-of-the-wear-and-tear-allowance/reform-of-the-wear-and-tear-allowance>

<sup>4</sup> <https://www.gov.uk/government/news/government-announces-end-to-unfair-evictions>

<sup>5</sup> <http://landregistry.data.gov.uk/app/ukhpi>

- 4.3 We appreciate the government's concerns that the final period exemption allows PRR to be accrued on two properties simultaneously, if the owner has purchased a new property which qualifies as their main residence while the old one is being sold. The government has already reduced the final period exemption from 36 months to 18 months from 6 April 2014, on the basis that the rules had provided 'an incentive for those with more than one property to exploit the rules'.<sup>1</sup> The reduction to 9 months is being justified on exactly the same grounds.
- 4.4 However, it seems to us that those who benefit from the relief in an entirely legitimate way will be penalised by the proposed changes because of this perceived exploitation. In any case, it is not clear what evidence HMRC and HMT have for their argument, and we would urge them to publish it in their response.
- 4.5 Individuals rely on the relief in cases where a property takes a long time to sell, and in some areas of the UK this can take considerably longer than 9 months, particularly if it is an unusual property.<sup>2</sup> Indeed, the Royal Institution of Chartered Surveyors' (RICS) UK Residential Market Survey states the average time for a residential property to sell (from listing to completion) is currently the longest since the introduction of the survey in 2017, citing uncertainty around Brexit as one of the main reasons for stagnation in the market.<sup>3</sup> This suggests that *reducing* the final period exemption, particularly in the current political climate, is perhaps the opposite of what one might expect when considering market trends. The increased incentives for landlords to sell their properties, referred to in paragraphs 3.6 and 3.7 of this response, and a potential outflux of migrants (as a result of Brexit) who wish to sell their homes,<sup>4</sup> risk exacerbating the issue even further with a flooding of the market, meaning properties take longer to sell.
- 4.6 It is useful to consider the potential cost effect on individuals as a result of the change. In February 2019, the average house price in the UK was £226,234.<sup>5</sup> Ten years earlier, it was £115,417.<sup>5</sup> One might therefore expect a gain in the region of £100,000 after costs of

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/264601/13\\_Capital\\_gains\\_tax\\_private\\_residence\\_relief\\_final\\_period\\_relief.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/264601/13_Capital_gains_tax_private_residence_relief_final_period_relief.pdf)

<sup>2</sup> We have requested data from the RICS on the proportion of properties which take more than 9 months to sell, but at the time of submission of this response it was not yet provided.

<sup>3</sup> Paragraph 3, <https://www.rics.org/globalassets/rics-website/media/knowledge/research/market-surveys/uk-residential-market-survey-march-2019-rics.pdf>

<sup>4</sup> Net EU migration has been decreasing since the EU referendum: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/february2019#non-eu-net-migration-has-increased-while-eu-net-migration-has-decreased>

<sup>5</sup> <http://landregistry.data.gov.uk/app/ukhpi/browse?from=2009-02-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2FUnited-kingdom&to=2019-04-01>

acquisition and sale, which is deemed to accrue evenly over the period of ownership under the PRR rules. Nine months of the gain would therefore equate to £7,500. If the annual exempt amount is otherwise used, this represents a tax hike of at least £1,350.<sup>1</sup> Most low-income taxpayers would balk at such an increase, even though they may have the funds to pay it from the proceeds of sale. However, as in paragraph 4.2 above, they are likely to have budgeted their move on the basis that all of the proceeds of sale from a former residence could be applied to the purchase of a new one.

- 4.7 The final period exemption is also important in cases of separation. This is highlighted by a number of queries received to our website, such as:

*'My ex-husband and I co-own a property. He moved out two years ago. We have now sold the property. Are either of us liable for capital gains tax?'*<sup>2</sup>

*'I have been married 24 years, I own the house we lived in, husband moved out in 2003, he bought a house in 2004 and has lived in it since then, if he sells his house does he pay capital gains as we have not become lawfully separated?'*<sup>3</sup>

- 4.8 When a couple separates, one party often remains in what was that couple's main residence while the other party moves out. The legislation allows for limited relief in respect of a transfer (i.e. a disposal) to the remaining spouse or civil partner in connection with a divorce or separation agreement,<sup>4</sup> whereby the transferred property may continue to be treated as the departing spouse or civil partner's main residence. However, this relief is subject to strict conditions and is not available if the property is sold to a third party and the proceeds split between the couple. Furthermore, the relief will not be available at all when couples who are not in a marriage or civil partnership split up.

- 4.9 Therefore, the final period exemption may be critical to take separating couples out of CGT. It is often not affordable for one party to buy their ex-partner out straightaway, nor might it be practical for the home to be sold immediately – for example, the couple may agree that the property will not be sold until their children reach a certain age. The departing party is therefore reliant on the final period exemption to provide relief from CGT – even if they have not purchased another property during that period and they are therefore not accruing PRR on a second property at the same time (they may have moved in with family or into rented accommodation, for example).

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<sup>1</sup> £7,500 at 18% (the figure rises to £2,100 if the gain is charged at 28% because it falls above the higher-rate threshold).

<sup>2</sup> Received in April 2019

<sup>3</sup> Received in October 2018

<sup>4</sup> s225B(2)

- 4.10 The legislation already denies the taxpayer PRR where any dwelling house (or part thereof) is acquired with the intention of realising a gain.<sup>1</sup> Relief is also denied for the part of any gain attributable to expenditure which is intended to produce a gain. HMRC do not apply this strictly, stating that it should only be taken to apply when the 'primary purpose of the acquisition, or of the expenditure, was an early disposal at a profit'.<sup>2</sup> Thus, the relief is already restricted to those cases where an individual makes a gain without having such a motive. **If the government considers there is exploitation of the final period exemption with a motive for profit, it might consider use of this existing provision in order to deny relief in those cases rather than reducing the final period exemption for all, including those who use it legitimately.**
- 4.11 Alternatively, or perhaps in addition to the above, **additional conditions may be added to the final period exemption without reducing it, in order to more effectively target the relief.** For example, relief under the final period exemption might be given for the full 18 months (or even longer) in cases where the taxpayer has the property on the open market with the intention to sell it. If not on the open market, an allowance might also be given for property owners undertaking essential work to the property to make it marketable. Here, we are not referring to enhancements, but to immediate dilapidations which would otherwise make the property extremely difficult to sell (for example, subsidence or a leaking roof).
- 4.12 Taking such a broad-brush approach to halve the final period exemption again after only six years risks bringing swathes of (former) homeowners into charge who, quite reasonably, combine the broad principle of 'there is no CGT on the sale of your main residence' with the idea that they are not *seeking* to make a gain and conclude that they have nothing to pay or even report when they sell their home. Compliance and enforcement activity on this group of people will come at a cost for HMRC, in many cases with no benefit as the part of the gain brought into charge as a result of the change will fall within the annual exempt amount. The new rules on reporting capital gains on residential property not qualifying for full PRR within 30 days, due to come into effect at the same time in April 2020, will compound the problem.<sup>3</sup> A wave of penalty appeal cases, similar to that seen for non-resident CGT, is likely to ensue which will be an extra burden on the already stretched Tribunals Service.
- 4.13 Finally, there may be some limited cases of individuals being in negative equity but who would realise a capital gain upon sale – if they have refinanced their property, for example. These individuals will naturally want to hold out for the best possible price but may feel pressure to sell sooner for fear of the CGT implications. To make an informed decision in this case may be difficult – especially for the unrepresented taxpayer – as they would need to compare hypothetical partial PPR calculations, under pre- and post-April 2020 rules, against

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<sup>1</sup> s224(3)

<sup>2</sup> <https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg65210>

<sup>3</sup> <https://www.gov.uk/government/consultations/capital-gains-tax-payment-window-for-residential-property-gains>



expected property value fluctuations in an unstable market. Making the wrong decision could be costly.

## **5 The 36-month final period exemption for those who are disabled or resident in a care home under s225E**

- 5.1 We are pleased that those who are disabled or resident in a care home will continue to have a final period exemption of 36 months under the proposals.<sup>1</sup> However, the reduction to 9 months in all other cases brings into focus the question of who can qualify for this exception. While we acknowledge that the consultation does not specifically cover changes to this part of the law, we feel there is a strong case to consider whether or not relief under s225E can be extended to include certain vulnerable groups who currently fall outside of the scope of the provisions but who are nonetheless unable to live in their home for health reasons.
- 5.2 For such individuals, it can take much longer to resolve what will happen with their former home (for example, they may not wish to sell their home in the hope that they become fit enough to move back into it), not least because they will be focussed on their health rather than having to consider their potential liability to CGT.
- 5.3 For example, if an individual moves in with a family member instead of into a care home, why should the relief not apply? Indeed, there may be any number of sheltered accommodation arrangements or other forms of supported living which fall short of the definition of a care home.<sup>2</sup> It seems anomalous to allow relief under s225E by virtue of the nature of the accommodation rather than the reason for having to move out of the property.
- 5.4 **We would urge the government to reconsider this provision and broaden its scope.** For vulnerable people where s225E does not apply, 9 months is far too short a period. A new provision could be easily be aligned with the existing 'deemed occupation' provisions where an individual is absent from their property for work-related reasons.<sup>3</sup> Failing to address this issue could leave the proposals open to an equality challenge as they are likely to disproportionately affect disabled and older people.

## **6 Q2. Do you have any comments about the reform of lettings relief?**

- 6.1 As a general remark, we consider this proposal somewhat of a 'sledgehammer' approach to resolve a perceived abuse of an existing relief and we consider that targeted compliance

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<sup>1</sup> Paragraph 3.4 of the consultation document

<sup>2</sup> 'an establishment that provides accommodation together with nursing or personal care', s225E(8)

<sup>3</sup> s223(3)

efforts within existing powers, such as those discussed in paragraph 4.10, would be more appropriate.

- 6.2 Since lettings relief was introduced, it has always been available in respect of a gain where an individual *wholly or partly* lets his main residence.<sup>1</sup> It is therefore somewhat surprising to see the government claim that this change to lettings relief is a reversion to the policy's 'original intent'. If this were the case, why was the law drafted in this way? Was lettings relief not introduced in order to *encourage* individuals to let their homes which would otherwise be empty? Indeed, it is difficult to see this change as unrelated to the general crackdown on the taxation of landlords in recent years (as described in paragraph 3.7).
- 6.3 It is also curious to note that the government stated that they would *not* legislate for a shared occupancy test for rent-a-room relief in order to 'maintain the simplicity of the system'.<sup>2</sup> As a result, it still seems to be possible to benefit from rent-a-room relief when letting out your whole property in certain circumstances.<sup>3</sup> This seems at odds with the lettings relief proposals, which appear to have revived the abandoned concept of 'shared occupancy'.
- 6.4 Aside from the above, our main concern in respect of this change is that it applies retrospectively to periods *prior* to 6 April 2020. This means that individuals who have let out their former main residence – possibly for several years – will not have expected to pay CGT on the gain relating to the period of letting (provided it falls within the limits for lettings relief). In the extreme, where such an individual sells their property on 5 April 2020 they may qualify for lettings relief on up to £40,000 of the gain, but if the exchange of contracts is delayed *by one day* then this will bring up to £40,000 of the gain into charge and cost the individual at least an additional £7,200 of capital gains tax (if the annual exempt amount is otherwise used).<sup>4</sup>
- 6.5 **It would seem much fairer to make the change to lettings relief only in respect of periods from 6 April 2020 (or the date of the change, if delayed) onwards**, in much the same way that non-resident CGT only applies for gains from 6 April 2015. This would avoid the cliff-edge effect described above.

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<sup>1</sup> s223(4)

<sup>2</sup> See para 4.3, Budget 2018 document: <https://www.gov.uk/government/publications/budget-2018-documents/budget-2018#tax>

<sup>3</sup> As noted in evidence provided to the rent-a-room call for evidence, see for example paragraph 3.9 of the response document, published July 2018: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/723126/rent\\_a\\_room\\_relief\\_summary\\_of\\_responses\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/723126/rent_a_room_relief_summary_of_responses_web.pdf)

<sup>4</sup> £40,000 at 18% (the figure rises to £11,200 if the gain is charged at 28% because it falls above the higher-rate threshold)

- 6.6 This would also mean that the market is unlikely to suffer a particular spike due to people scrambling to sell before a certain date. That would produce inequitable results, for example if someone agrees a sale in, say, early February 2020 but cannot get contracts exchanged before 5 April. They could lose out on letting relief in its entirety as against someone in a similar situation who is able to exchange contracts by the cut off. Local authorities will see a surge in search requests, putting pressure on them, and similarly conveyancers could be inundated. Implementing the change for periods from 6 April 2020 only, rather than the retroactive proposal in the consultation document, will mean much less of a rush to make decisions and push transactions through and allow time to educate the public as to the new rules.
- 6.7 Where an individual faces financial difficulty such that they cannot afford their mortgage payments (either because the mortgage itself becomes unaffordable owing to interest rate increases, or because factors unrelated to the mortgage affect their financial position) they may be forced to choose between letting their home or selling it. Alternatively, they may need to move out of their home in any number of circumstances which would not qualify as a period of deemed occupation under s223(3) if the property were retained – for example, we might have the converse situation of that described in paragraph 5.3, where an individual moves in with a family member to provide live-in care.
- 6.8 Many will choose to become a landlord in these circumstances, rather than lose their home, in the hope of being able to re-occupy the property at some later point. These individuals are not trying to make a profit; they are just trying not to lose their home. If they eventually do sell their home rather than re-occupy it – perhaps even just to relocate out of necessity, rather than to realise the gain – being targeted for CGT will negatively impact their ability to purchase another property. Having to account for CGT in this scenario would effectively mean the individual may only be able to afford a property of lesser market value, pushing them down the property ladder and negatively affecting their mobility.

LITRG  
24 May 2019