**TWO YEARS ON AND PROPERTY RETURN PROCESS REMAINS TAXING!**

For many business owners, the reminder that a self-assessment tax return is due is enough to cause sleepless nights. The administration involved, alongside the time and effort it takes, makes the process unnecessarily stressful.

With that in mind, consider how you would feel if you had submitted your return on time, including all necessary information and payment of funds, only to find that changes in legislation mean that you have incurred penalties.

For thousands of taxpayers that have sold properties, that is exactly what has happened and more than two years later, the process is more complicated than ever.

In April 2020, changes to legislation were introduced requiring those completing the sale of a residential property to file a UK property return form online to declare any capital gains. What’s more, they had 30 days to do so and pay any monies owing.

Recognising this to be an unreasonable timeframe, the deadline was extended to 60 days from completion in October 2020. Fast forward to the submission of self-assessment by 31 January 2022 and many taxpayers assumed that declaring the information on that form would suffice.

At this point, many were already and unassumingly incurring penalties, which start at £100, increasing to the greater of £300 or 5% of the outstanding tax owing. Providing some context, for those that were more than 12-months late in submitting a UK property return, they could expect a fine of at least £700.

With literally millions of pounds now owed to HMRC, the question remains, why were these changes not effectively communicated and why hasn’t the system changed to make it simpler for property sellers to follow?

The reality is that far from being a process that has now been accepted and adopted, it is a constantly moving target. The assumption is that tax experts, property agents and legal representatives will explain the changes and the process to follow.

To be clear, those selling properties are expected to file a UK property return form within 60 days and then a self-assessment tax return by the end of January with the same details included.

Furthermore, if they miss the deadline, they now have to request a paper form from HMRC to complete and return as opposed to updating the online system. A further hurdle for those that are unlikely to be tax experts.

The process is not simple, and almost two years on the ‘new’ online system continues to be updated, making a difficult situation even more challenging to navigate. For those that are planning on selling a property, our top tips would be:

* Familiarise yourself with the process and do so as soon as you can.
* Be clear about when you do and do not have to declare capital gains.
* Take the time to collate all the necessary information so that any reliefs, such as those in relation to the original history of the building, may be claimed.
* Talk to an expert so that you are given the advice that could save you thousands of pounds.

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