

TOM PURSGLOVE MP
CORBY & EAST NORTHAMPTONSHIRE



HOUSE OF COMMONS

LONDON SW1A 0AA

17th May 2018

New Constituent,

RE: 'NEW CLAUSE TWO' – STOP TAX AVOIDANCE.

Thank you for your recent correspondence in respect of Capital Gains Tax on commercial property transactions.

I think that it is vital to ensure that everyone is paying their share of tax. If those with the most in society are not making a fair contribution, we will not be able to fund our public services, and the tax burden will disproportionately fall on those who cannot take advantage of tax-efficient arrangements. Thanks to the significant steps which have already been taken since 2010 to tackle avoidance, evasion, and non-compliance, the UK's 'tax gap' is now one of the lowest in the world.

I was very pleased that at the Autumn Budget the Government confirmed its intention to build on this good work by legislating to ensure non-residents do not enjoy a tax advantage when disposing of UK property. All gains on non-resident disposals of UK property will be brought within the scope of UK tax. This will apply to gains accrued on or after April 2019, and there will be targeted exemptions for institutional investors such as pension funds, to ensure there are no unintended consequences to this measure.

When this issue was brought up during consideration of the Finance Bill in October, for a number of reasons, the Government did not support adding New Clause 2 as drafted. Ministers were clear at that time that the Treasury would continue to look closely into this issue, but commercial property is an incredibly complex area of the law and it is important to ensure any action in this area is properly considered before bringing forward legislation. I welcome the fact that the Government will now be doing this following the Budget.

Rules have already been introduced in 2015 to ensure that non-residents now do pay tax for the sale of UK residential property. These new measures will strengthen those rules, by ensuring this also applies to disposals of non-residential property. I can also assure you that all UK residents, whether UK-based or non-domiciled, do pay tax on profits from selling UK land.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

With best wishes,

Tom

TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE