

## Capital Gains Tax Exemptions for principal private residences

Gains arising on the sale of your only or main residence are exempt from capital gains tax where you occupy the property throughout the period of ownership.

If you have more than one property which could qualify as your main residence you should seek advice as, within certain time limits, you could make a claim for one of those properties to be treated as your main residence for capital gains tax purposes. In the absence of a nomination covering any particular period of time, the question of which is your main residence is decided on the facts, i.e the property in which you are actually living as your home.

Where a property is not owner-occupied throughout the period of ownership, only the proportion of the gain attributable to the period of owner occupation is exempt.

However, some periods of absence are treated as periods of occupation for these purposes. The following periods of absence from the property are also deemed to be periods of occupation, as long as you occupy the property as your main residence both before and after the period of absence:

- any periods of absence during which you or your spouse were employed abroad;
- any period or periods of absence which do not amount to more than three years in total;
- any period or periods of absence totaling not more than four years where you or your spouse were unable to occupy the property by virtue of the location of your place of work, or because your employer required you to live elsewhere in order to do your job properly.

The last 18 months of ownership is also treated as a period of occupation as long as the property has at some time been your main residence. This applies even where the property is not initially your main residence. As an extreme example, if you bought the property, did not live in it for the first year, then lived in it for 6 months and sold it immediately thereafter, the whole 18 months of ownership would be exempt from capital gains tax.

There is a further relief available where the property has at some time been your main residence and has been let as residential accommodation at some time during the period of ownership. In that case, the apportioned gain attributable to the period of letting is chargeable only to the extent that it exceeds the lower of £40,000 and the relief attributed to the owner-occupation of the property. This relief applies even where the property was let before it becomes your main residence

**IMPORTANT NOTE:** The comments above describe the position under current legislation, and of course, are subject to change if legislation changes.

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