

Principal Private Residence Relief

What is Principal Private Residence Relief?

There is complete exemption from capital gains tax (CGT) where a gain is realised by an individual on the sale of a property that has been his or her only or main residence throughout the period of ownership. This is where the total extent of the property (including the “footprint” of the building) does not exceed half a hectare (about 1.2 acres).

The legislation provides for a proportion of the gain to be exempt in situations where the necessary conditions are met only for part of the period of ownership. There are certain periods of absence from the property which remain allowable for the purposes of calculating the relief.

Once such period, is the final 9 months of ownership. As long as the property has at some time qualified as the individual’s exempt residence, the last 9 months will qualify for exemption in any event, even if the individual is no longer occupying the property as his or her only or main residence. For sales before 6 April 2020, this allowable period of absence was the last 18 months of ownership.

Where a sale is made by a disabled person or long term resident in a care home (or by their spouse or civil partner) the final period of exemption remains at 36 months, as long as they do not have an interest in another property or an entitlement to occupy a property held within a trust.

A further exemption may also be due where the property has been let during any of the periods of absence. However from 6 April 2020, this exemption only applies if the letting was undertaken whilst the owner lived in the property at the same time.

Key information

For CGT purposes the date of sale is the date contracts are exchanged, rather than the date of completion.

Non-resident reporting

Non-residents who dispose of UK residential property after April 2015 must report the disposal to HM Revenue and Customs within 30 days of completion, and if they are not within the self-assessment regime, the tax must also be paid within the same 30 day time frame.

From 6 April 2019 the scope of the legislation was extended to include commercial property and disposals of indirect interests in UK property.

For UK residents there is no requirement to report a disposal of UK residential property within 30 days where the gain is fully covered by private residence relief.

The rules which govern principal private residence relief and reporting capital gains or losses on the disposal of residential property are complex. For more help or information please contact:



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