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For full details please see our website at  
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The information in this leaflet is a general description only and specific advice should always be obtained before taking any action.

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**Henderson Black & Co**

CHARTERED ACCOUNTANTS

**PRIVATE RESIDENCE**

**RELIEF AND**

**PROPERTY LETTING**

ANSTRUTHER  
CUPAR  
PITTENWEEM  
ST ANDREWS



A gain arising from the disposal of your only or main home is usually exempt from capital gains tax.

### **PRIVATE RESIDENCE RELIEF**

Full principal private residence (PPR) relief is available where the property has been your main residence throughout your period of ownership.

However, if you live in job-related accommodation but own another property for future use, the latter will still qualify for relief.

If you have more than one home you can nominate which one is to qualify for PPR relief, but you must have lived in the chosen property at some point. This election can be changed to another property at a later date.

In other circumstances the relief may be restricted.

If, for example, the property has been let out at some time, the relief will only be available on a proportion of the gain, based on the relative periods of residence and letting. In this calculation the period of ownership prior to 31 March 1982 is ignored.

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### **PERIODS OF ABSENCE**

Certain periods of absence will still qualify for relief. These are:

- ◆ The final three years of ownership, provided the property has been your main residence at some time
- ◆ The following periods if the property was your main residence at some time both before and after the period of absence:
  - Any period not exceeding three years
  - Periods of employment where you are required to work abroad
  - Periods of up to four years where your UK employment requires you to work elsewhere.

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### **LETTING THE PROPERTY**

Letting out one room in your home should not affect your PPR relief.

If you let out more than this, or the whole property, PPR relief will not be available for the letting period, except for the allowable periods of absence already mentioned.

### **LETTING RELIEF**

Provided the property is or has been your main residence, a separate residential letting relief is available.

This will be applied to the gain on the letting period, and is the lower of:

- ◆ £40,000 or
- ◆ the amount of the PPR relief

Note that where the let area is self-contained and effectively a separate dwelling this will not qualify.

Where a married couple own the property each is entitled to this relief ie up to £40,000 each.

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