

Principal Private Residence (PPR) Relief Factsheet

Summary

Where a residential property that is owned directly or by a trust is being sold, PPR Relief may be available to reduce the gain, usually to nil, thereby avoiding or minimising a charge to CGT. If the house is your main residence, relief is available automatically. However, in certain situations its availability may be more complicated or not as obvious.

The Relief

PPR Relief applies for the period of time during which a property is an individual's main residence, plus the last eighteen months of ownership, whether still resided in or otherwise. The whole of the property will qualify plus up to half a hectare of land; where the land exceeds this, it can be included to the extent that it is required for the reasonable enjoyment of the property.

Additionally, if a property qualifies for PPR Relief, any period during which it was let will qualify for a 'letting exemption' up to a maximum of £40,000 of the relevant gain per owner (e.g. if there are two owners, £80,000 of gain will be exempt).

Two or more residences

If there are two or more properties used as a main residence, a nomination can be made as to which is the main residence. In this way, given the fact that the last eighteen months of the gain will qualify, it is possible for some of the gain of two properties to be relieved at the same time. The nomination must be made within two years of a change in residency. This nomination can be varied again provided it is done within two years.

Houses held in a trust

Where a house is held in a trust and is occupied by a beneficiary who is entitled to live there under the terms of the trust, PPR Relief will be available. Note, however, *the trustees must make a claim* for relief.