

## Insights

# BTR TO BE OUTSIDE THE SCOPE OF THE NEW RESIDENTIAL PROPERTY DEVELOPER TAX

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## SUMMARY

We have learnt that HMRC has dropped its proposal to make the build-to-rent (BTR) sector subject to the new residential property developer tax (RPDT). We understand that BTR activity will not be in scope of the tax at this point in time. This development has followed a number of representations made to HMRC and shows HMRC's willingness to listen to concerns.

The RPDT is a new tax on large corporate residential property developers that undertake residential property development activities in relation to UK land. It will be effective from April 2022 and will be used to help pay for the removal of flammable cladding from high-rise buildings.

If the BTR sector had been subject to the tax it would have been paying tax on unrealised profits as those in the sector develop with a view to holding property as an investment rather than for sale. This "dry tax" charge was unwelcome to the sector.

To read more about the current proposals for the tax please see our blogs [New Residential Property Developer Tax: the design of the tax](#) and [New Residential Property Developer Tax: triggers for liability](#). The final design of the tax, including the rate of the tax, will be announced at the Autumn Budget on 27 October 2021.

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## MEET THE TEAM



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