Business Tax 5: Capital Gains Tax (1) Cheat Sheet

by mgxx2004 (mgrawahi) via cheatography.com/197440/cs/45429/

When does capital gains tax (CGT) liability arise?

when a chargeable person makes a chargeable disposal of a chargeable asset.

Exempt Assets

- Principal private residence.
- Motor vehicles (including vintage cars).
- Chattels sold for ≤£6,000.
- Betting winnings.
- Government securities.
- Chattels with ≤50 years useful life.

Chargeable Disposals

- Sale, gift, loss, or destruction of an asset.
- Capital sums (e.g., insurance compensation).

Business Asset Disposal Relief (BADR)

Always **10%** on qualifying business disposals.

Chargeable Persons

- Individuals resident in the UK.
- Business partners (on partnership capital gains).
- Trustees.
- Personal representatives of a deceased person.

Exempt Disposals

Not chargeable.

- Gifts to charities.
- Disposals on death.

CGT Rates

Standard Rate	10% (if taxable income ≤ £37,700).
Higher Rate	20% (if taxable income > £37,700).

Calculation

1. **Deduct capital losses** (current year first, then previous years if needed).
2. **Apply the annual exemption** (£3,000 for 2024/25).
3. **Allocate unused Basic rate band**

- First to BADR gains.
- Then split between residential property and other gains.

Not Chargeable Persons

- Companies (pay Corporation Tax on capital gains instead).
- Organisations like registered charities, health service bodies, pension schemes, and scientific associations.

Disposals that occur at No gain/No loss

- Spouse Transfers.
- Heritage Property gifts.
- Share disposals to employee trusts. *Date: Ownership change, not payment.*

Residential Property Rates

if not eligible for principal private residence relief.

Basic Rate	18%
Higher Rate	24%

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