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%