

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 \leq £6,000.
- Betting winnings.
- Government securities.
- Chattels with \leq 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 \leq £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%

C

By **mgxx2004** (mgrawahi)
cheatography.com/mgrawahi/

Not published yet.
Last updated 12th January, 2025.
Page 1 of 1.

Sponsored by **CrosswordCheats.com**
Learn to solve cryptic crosswords!
<http://crosswordcheats.com>