CGT2
Capital Gains Tax - A Summary of the Main Features
This leaflet has been designed to give a summary of the main features of straight forward cases of Capital Gains Tax (CGT). It contains:

- General information relating to CGT which includes the different due dates
- A computation sheet - which will help calculate tax due

There is a more detailed CGT booklet, Guide to Capital Gains Tax. This is available from:

- www.revenue.ie – Taxes & Duties > Capital Gains Tax > Leaflets
- Revenue’s Forms and Leaflets Service by phoning
  - LoCall 1890 306 706 *
  - +353 1 702 3050 from outside of the Republic of Ireland
- any Revenue office

*Rates charged for LoCall numbers may vary among different service providers. It is recommended that you only ring these numbers using a landline.

**General Information**

**What is CGT?**

CGT is a tax on a chargeable capital gain (profit) arising on the disposal of an asset owned by you. At its simplest the chargeable capital gain is the difference between the price you paid for the asset and the price you sold it for.

In general, where assets are passed on due to a death there is no CGT payable.

**Example**

You purchase shares in January 2014, at a cost of €5,000. Then you sell them in May 2016 for €8,000. You have no other capital gains, losses or allowable expenditure:

**Computation**

<table>
<thead>
<tr>
<th>Disposal Consideration</th>
<th>€8,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Acquisition</td>
<td>€5,000</td>
</tr>
<tr>
<td>Chargeable Gain</td>
<td>€3,000</td>
</tr>
</tbody>
</table>

**Deduct Allowable Costs**

| Personal exemption   | €1,270 |
| Net Chargeable Gain  | €1,730 |
| Chargeable @ 33%     |       |

**CGT due**

€570.00

When calculating the amount of CGT due you can deduct ‘Allowable Costs’; these are incidental costs incurred by you during the acquisition and disposal of the asset. You may also be able to adjust costs in line with inflation if they were incurred before 2003. Further information about these deductions and adjustments can be found under ‘How do I work out how much CGT I need to pay?’.

**What is an ‘asset’ and a ‘disposal’ for CGT purposes?**

**Asset**

An asset is something that has value that you own; for example land, a building or shares. You can have outright ownership of an asset, or you may also have an interest in it. An example of having an interest in an asset is where a person has a lease in a building. An asset can also be intangible (without a physical presence); examples of intangible assets include goodwill, copyright and patents.
Disposal

A disposal refers to the sale of an asset. It also refers to any transfer of ownership by way of exchange, gift, or settlement on trustees. In the case of shares in a company or mutual society there is a disposal for CGT purposes where a person receives capital payments in respect of their shareholding or interest held in the paying company.

Are any capital gains exempt from CGT?

Yes. Gains on the disposal of some assets are specifically exempted from CGT. These include:

- Gains on the disposal of property owned by you (a house, apartment, and so on) which was occupied by you or by a dependent relative as a sole or main residence. Restrictions may apply where the property was not fully occupied as a main residence throughout the period of ownership or where the sale price reflects development value.
- Gains from betting, lotteries, sweepstakes, bonuses payable under the National Instalments Savings Scheme and Prize Bond winnings.
- Gains on Government Stocks and other securities (such as securities issued by certain semi-State bodies).
- Gains on disposal of wasting chattels (such as animals, private motor cars, and so on).
- Gains on Life Assurance policies (unless purchased from another person or taken out with certain foreign insurers on or after 20 May 1993).
- Gains made by individuals on tangible moveable property (such as household furniture) where the consideration does not exceed €2,540.

Who should pay CGT?

Everyone.

The self-employed and others directly assessed to tax, individuals on PAYE and anyone not already within the tax system.

How do I work out how much CGT I need to pay?

There is a calculation that you will need to use; which includes deductions and possible inflation adjustment, and will also depend on the rate of CGT. The computation sheet in this leaflet will help you make that calculation. The computation sheet has notes for each part of the calculation, which will explain in more detail than is included here.

Deductions

There are deductions that can be made from the disposal consideration (the value of the received on disposal). These include:

- Incidental costs of acquisition (for example solicitor’s fees, stamp duty)
- Incidental costs of disposal (for example solicitor’s fees, auctioneer’s fees, advertising cost)
- The cost of additions to the asset (such as adding a conservatory or garage)
- Personal exemption (This is a set amount and is for individuals only)

Inflation Adjustment

When an asset was acquired before 2003, inflation relief may be available. This adjusts a cost in line with a published inflation factor. The adjustment is made by a ‘multiplier’. The multiplier used depends on the year of assessment in which the cost was incurred or the disposal was made. Below is a table containing the different multipliers:
### Rate of CGT

The standard rate in respect of disposals is determined based on the date on which the disposal was made. Rates for disposals made:

- from 6 December 2012 to current date: 33%
- from 7 December 2011 to 5 December 2012: 30%
- from 8 April 2009 to 6 December 2011: 25%
- from 15 October 2008 to 7 April 2009: 22%
- made on or before 14 October 2008: 20%

There are some exceptions; a rate of 40% applies on disposals of certain foreign life assurance policies and units in offshore funds, while rates of 12.5% and 15% apply to certain venture capital fund managers.

### When do I have to pay my CGT?

The due date for payment is determined when asset is disposed. The tax year is divided into two periods for payment purposes. For 2009 and subsequent years this is as follows:

- 1 January to 30 November: This is known as the **initial period**.
- 1 December to 31 December: This is known as the **later period**.

Depending on which period you disposed of the asset, the due date is:

- **Initial period**: 15 December (of the same year)
- **Later period**: 31 January (of the following year)

Please note that the due date for filing is different from your due date for payment.
How do I make a payment of CGT?

You can pay by one of the following methods (You will also need to complete the correct CGT Payslip):

- **Credit Card or Debit Card** – phone 1890 27 37 47, (+353 18288045 from outside of Republic of Ireland).
- **Cheque or Postal Order**
  - Make payable to the Collector-General
  - Always write your PPS Number on the back
  - These should be sent with the completed payslip
- **Revenue On-Line Service (ROS)**

Ensure you allow at least three working days for your payment to reach the Collector-General by the due date.

**DO NOT SEND CASH**

**What is a CGT Payslip?**

A form used to accompany a payment of CGT. It is important that you complete the correct payslip

- **Payslip A** is for disposals in the initial period (1 January to 30 November)
- **Payslip B** is for disposals in the later period (December)

You should send the payslip when you have made the payment (or with the payment if you are paying by cheque or postal order) to:

**Collector-General’s Division**

Sarsfield House

Francis Street

Limerick

V94 R972

Payslips are available from

- www.revenue.ie - Taxes & Duties > Capital Gains Tax > Forms
- the Collector-General’s Division by phoning
  - 1890 20 30 70
  - +353 61 488 000 from outside of the Republic of Ireland.
- Any Revenue office

If you are **Self-Assessed** you will have a payslip on your personalised tax return. Please remember that in addition to the payment and payslip you are also required to send in a tax return as outlined in the Self-Assessment section.
When do I have to file my CGT return?
You must file a return on or before 31 October in the year following the tax year in which you disposed of the asset.

Please note that your due date for payment is different from this due date for filing the return.

Where can I get further information about CGT?
You should refer to the booklet CGT1 - Guide to Capital Gains Tax available on www.revenue.ie

This leaflet, CGT2, only attempts to provide a general overview of CGT; it does not deal with certain topics which can lead to more complex issues. Such topics may include matters such as:

- Disposals under compulsory purchase orders
- Disposals of development land
- Part-disposals
- Disposals of foreign life policies
- Retirement relief
- Roll-over relief (where applicable)
- Disposals by non-residents
- Disposals of Rights issues and Bonus issues.

These topics are dealt with in the CGT1 booklet.
### Computation sheet

This is not a tax return and should not be sent to Revenue

1. Date of Disposal

2. Date of Acquisition

### Computation

3. Disposal Consideration

4. Less Incidental Costs of Disposal (if any)

5. Net Disposal Consideration

### Deduct Allowable Costs

6. Cost of Acquisition
   \[ \text{€ } \times \text{Multiplier ( ) } = \]

7. Other Allowable Expenditure
   \[ \text{€ } \times \text{Multiplier ( ) } = \]

8. Total indexed cost

9. Capital Gain (or Loss) after indexation
   [use brackets ( ) to denote loss]

10. Actual Monetary Gain (or Loss)
    [use brackets ( ) to denote loss]

### 11. Chargeable Gain

### 12. Allowable Loss

Unused Losses from previous years
(Unused Losses from previous C.G.T. computation)

### Calculation of Capital Gains Tax Payable

13. Total Chargeable Gains net of Allowable Losses

14. Less Personal Exemption (€1,270 - if due)

15. Net Chargeable Gains

Chargeable @ 33% Tax Due \[ = \]
Notes to Computation Sheet

1. Date of Disposal
   This is generally the date of contract for sale

2. Date of Acquisition
   This is generally the date of purchase contract

3. Disposal Consideration
   This is the amount received for the disposal (sale):
   - For disposals made by a bargain at arm’s length (where the buyer and seller are independent of each other and on an equal footing) it is the actual sale price or fee.
   - For disposals not made by a bargain at arm’s length or where the parties are connected (such as between family members) then the consideration is equal to its market value at the time of disposal.
   - For disposals made in a foreign currency the amount must be converted to Irish currency at the rate of exchange at the time of disposal.

4. Incidental Costs of Disposal
   This is expenditure wholly and exclusively incurred by you for the purposes of the disposal, such as the cost of valuing, advertising and legal expenses.

5. Net Disposal Consideration
   This is the disposal consideration at 3, less the incidental cost of disposal at 4.

6. Cost of Acquisition
   This is the value of the amount the asset cost you when you acquired it. Any incidental costs, such as the legal fees and stamp duty, can be included.
   - If the asset was acquired by way of an inheritance after a death, a gift or on transfer from a trust, it is the market value at the date of the death, gift or transfer that is to be used here.
   - If the asset was acquired prior to 6 April 1974 the allowable cost to be entered is the market value of the asset at 6 April 1974
   - If the asset was acquired in a foreign currency the costs of acquisition must be converted to Irish currency at the rate of exchange at the time of acquisition.

Cost of Acquisition Multiplier
   The multiplier is only used here for disposal of assets that were acquired before 2003. If the asset was acquired on or before 31st December 2003 see the Inflation/Indexation Relief table for what multiplier to use.

Cost of Acquisition regarding disposal of shares
   There are rules in respect of a disposal of shares that should be noted; the primary rule is the “First In First Out” (FIFO) rule. Under this rule a person holding shares of the same class, which have been acquired at different dates, is deemed to have sold the shares acquired at the earlier time first. This rule is modified where shares of the same class are bought and sold within a period of four weeks.
   Sometimes there will be increases in the shareholding. This is because a person purchases additional shares of the same type or they receive additional shares under bonus or rights issues. There are special CGT rules for these situations; these are covered in Guide to Capital Gains Tax, CGT1, which includes an appendix of worked examples.

7. Other Allowable Expenditure
   This is the cost of any addition, made after the date of acquisition, which add to the value of the asset and is reflected in the state of the asset at the date of sale. Examples would be the addition of a garage or a conservatory to a house. It does not include routine maintenance such as painting. It also includes expenditure to establish, preserve or defend legal title.
8. Total Indexed Cost
This is the combined amount of 6 (Cost of Acquisition) and 7 (Other Allowable Expenditure)

9. Capital Gain (or Loss) after indexation
Ordinarily the gain as calculated here is the Total Chargeable Gain. But in some cases the chargeable gain or allowable loss may require to be adjusted by reference to the actual monetary gain or loss. See “Chargeable Gain or Allowable Loss”

10. Actual Monetary gain (or loss)
This is the actual gain (or loss) without any allowance for inflation (indexation).

11. & 12. Chargeable Gain or Allowable Loss
If there is a gain entered at 9 (a “Gain Capital after indexation”) enter it at 11 unless:
- There is a monetary gain entered at 10 (an “Actual Monetary Gain”) which is smaller. If this is the case enter the smaller figure at 11.
- There is a monetary loss entered at 10 (an “Actual Monetary Loss”). In this case treat the disposal as giving rise to a no gain and no loss result.

If there is a loss entered at 9 (a “Capital Loss after indexation”) enter it at 12 unless:
- There is a monetary loss entered at 10 (an “Actual Monetary Loss”) which is smaller. In this case enter the the smaller figure at 12.
- There is a monetary gain entered at 10 (an “Actual Monetary Gain”). In this case treat the disposal as giving rise to a no gain and no loss result.

13. Total Chargeable Gain
This is the total chargeable gains less any allowable losses

14. Personal Exemption
The first €1,270 of an individual’s net gains is not chargeable. This personal exemption is not transferable between spouses or civil partners, and applies to individuals only. If there is more than one disposal during the year and the personal exemption has been utilised in full against a previous gain, no further relief is due here.

15. Net Chargeable Gains
This is the final chargeable gains figure net of all allowable costs, indexation reliefs (where applicable), allowable losses, and personal exemption as applicable.

Accessibility - If you are a person with a disability and require this leaflet in an alternative format the Revenue Access Officer can be contacted at accessofficer@revenue.ie