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Capital Gains Tax

Capital gains tax (CGT) generally applies to CGT events that happen to CGT assets acquired after 19 September 1985. CGT is not a separate tax, it forms part of income tax.

CGT events

The most common CGT event is the disposal of an asset by selling it or giving it away. A full list of CGT events is available here.

CGT assets

A CGT asset is any kind of property, or a legal or equitable right that is not property. CGT assets include:

- Part of, or an interest in, a CGT asset
- Goodwill, or an interest In it
- An interest in a partnership asset
- An interest in a partnership, that is not an interest in a partnership asset
- Land and buildings
- Shares in a company
- Units in a unit trust
- Options
- Debts owed to a taxpayer
- A right to enforce a contractual obligation
- Foreign currency.

Where a taxpayer owns an interest in a CGT asset and then acquires a further interest, the interests remain separate CGT assets. Buildings, structures and other capital improvements to land may be treated as separate CGT assets to the land. A car is a CGT asset, but any capital gain made from it is exempt from CGT (the gain may be taxable under other provisions).

Special rules apply to some kinds of CGT assets, including collectables, personal use assets, certain investments, leases and options.

Working out a capital gain or loss

For most CGT events, a capital gain arises if the capital proceeds from the CGT event exceed the cost base of the CGT asset. Conversely, a capital loss arises if the reduced cost base of the CGT asset exceeds the capital proceeds from the CGT event.