CAPITAL GAINS TAX COMPUTATION – REVISION CARD

Computation	€	€	Issues to consider when selecting the correct figure to include in computation
Proceeds		X	1. Who has the asset been disposed to? If it is to a connected person, market value should be used (if different from proceeds received by seller) 2. If the disposal is a non-wasting chattel and the proceeds are€2,540 or less, the disposal is exempt from CGT. Disposal of a wasting chattel is exempt irrespective of the proceeds amount.
Incidental costs of disposal		(X)	Referred to in questions as costs of disposal or costs incurred to sell the asset *Deducted* from the proceeds received. Examples of such costs include legal fees or auctioneers/estate agent fees.
Net Proceeds		X	
Cost of acquisition	X		1. Similar to proceeds, if the asset was acquired from a connected person or acquired by way of gift or inheritance, the market value should be imposed for the cost of acquisition? 2. If the asset was transferred between spouses prior to disposal to a third party, the cost of the assets when *originally* purchased by the couple is used in the computation. 3. If the asset was acquired prior to 6 April 1974 (the date on which CGT was first introduced), then the market value at 6 April 1974 (which must be provided in the question) must be imposed for cost of acquisition? All costs, including costs of acquisitions, incurred prior to 6 April 1974 are ignored. 4. Has there been a part disposal of a larger asset? Part disposal formula must be applied in all cases except share disposal?
Incidental costs of acquisition	+ X		Referred to in questions as costs of purchase or costs incurred to acquire the asset *Added* to the cost. Examples of such costs include legal fees or stamp duty costs.
Total Cost	X		
Indexation factor (tax year)	* x.xxx		NB to practice using the indexation factors table to ensure that the correct indexation factor is applied for all assets acquired prior to January 2003. Issues 1 to 4 above relating to cost may be relevant to selecting the correct indexation factor.
Indexed cost		(X)	(Cost + Incidental Costs) multiplied by the indexation factor to get indexed cost. NB to check that a loss is not created or increased by applying the indexation factor to the cost. (i) If a loss is created, the result of the computation is No Gain/No loss. (ii) If a loss is increased, the result of the computation is the 'actual' loss without any indexation factor applied to cost.
Enhancement Expenditure (EE)	X		
Indexation factor (tax year)	* x.xxx		– Select indexation factor relevant to the tax year in which the EE was incurred. – Note that indexation relief cannot be claimed for EE incurred on development land. – Part disposal rules also may apply to EE if incurred on entire asset of which part if now being disposed.
Indexed EE		(X)	The same rules apply here regarding indexation factors on EE and creation/increase of a loss (refer to indexed cost)
Capital gain		**X**	Net proceeds less indexed cost less indexed enhancement expenditure
Annual exemption		(1,270)	– If there is more one disposal by the taxpayer during the tax year, the gains from all disposals should be summarised and the annual exemption deducted from total gains. – Annual exemption is available to individual taxpayers, therefore when completing the computation for a jointly assessed couple, each spouse is entitled to deduct the exemption from their own capital gains. – Cannot be claimed by an individual if they are claiming retirement relief in the tax year. – Not available to corporate entities.
Taxable gain		**X**	
Capital Gains	*** 33%**	**X**	