HM Revenue & Customs

Notes for the *Capital Gains Summary* pages of the Short Tax Return

Tax year 6 April 2007 to 5 April 2008

Contents

We have a range of services for people with disabilities, including guidance in Braille, audio and large print. Most of our forms are available in large print. Please contact us on any of our phone Helplines if you need these services.

Introduction

The rules for working out capital gains and losses are sometimes complex but these notes should help you fill in the *Capital Gains Summary* pages of the Short Tax Return. They do not attempt to explain everything that could affect your capital gains computations - there is much more in our *Capital Gains Summary notes* for the full Tax Return, our Help Sheets and at **www.hmrc.gov.uk**

Words and phrases in italics are explained further on in these notes or in the Glossary on pages 13 and 14.

Assets

You may have to pay Capital Gains Tax when you dispose of an asset which is worth more on disposal than when you acquired it. For Capital Gains Tax purposes, an asset is any form of property. The most common assets are:

- stocks, shares and units in unit trusts
- land and property
- business assets, such as goodwill.

Capital Gains Tax is payable in respect of the increase in value. If you make a loss disposing of an asset you may be able to set that loss against gains on other assets or carry it forward to a later tax year.

You do not have to pay Capital Gains Tax if your taxable gains after deducting allowable losses and applying *taper relief* for the year are less than your *annual exempt amount*. For 2007-08 the annual exempt amount is £9,200.

Contacts

Please phone:

- the number printed on page 1 of your Return
- the Helpline on **0845 9000 444**
- the Orderline on **0845 9000 404** for Help Sheets

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Disposals

A chargeable gain or allowable loss is made when an asset is disposed of. If the disposal proceeds exceed the allowable cost of the asset you may have a chargeable gain. If less, you may have an allowable loss. In some situations, the allowable cost may be reduced because of a claim to a Capital Gains Tax relief in an earlier year. The gain or loss is then calculated using the reduced amount. Gains or losses may be restricted if you owned the asset on 31 March 1982 (see page 4).

There are many ways you can make a disposal, including when an asset, or part of an asset, is:

- sold
- given away
- exchanged
- lost or destroyed.

Sales are the most common kind of disposal and in the rest of these notes we may refer to assets sold, rather than 'disposed of' (but please bear in mind that a gain, or loss, may arise on other kinds of disposal, not just sales). There are also less common circumstances when you are treated as if you had made a disposal; for example, if your asset was reduced in value in order to increase the value of an asset owned by someone else, or if you received money because of your ownership of an asset and you will not be charged Income Tax on that money. If you are not sure, please contact us.

If you are resident and domiciled in the UK (and if you are not, you should not be using the Short Tax Return), you must pay Capital Gains Tax on all your chargeable capital gains, including gains on assets situated outside the UK, after taking off *allowable losses* and applying *taper relief*. (Your domicile is usually determined by where you were born, or your father's place of birth - but it can be otherwise; if you are not sure please contact us.)

There are some other occasions when you might have made chargeable gains, such as a deferred or held over gain from earlier years becoming taxable in this one, or if you participate in an overseas company that makes gains. Please contact us if you think this applies to you.

Exemptions

Some assets are exempt from Capital Gains Tax, including:

- private cars
- personal effects and goods worth up to £6,000 each when you dispose of them
- Premium bonds, savings certificates, British Savings Bonds
- stocks or shares within a personal equity plan (PEP) or individual savings account (ISA)
- UK government stocks - known as gilts or gilt edged securities
- personal injury compensation
- foreign currency for your own or your family's personal use
- betting, lottery or pools winnings
- SAYE terminal bonuses
- compensation for mis-sold personal pensions taken out as a result of disadvantageous advice given between 29 April 1988 and 30 June 1994
- life assurance policies and deferred annuity contracts, unless at any time acquired for actual consideration
- Enterprise Investment Scheme shares where Income Tax relief has been given (and not withdrawn) on them
- Venture Capital Trust shares acquired within the annual limits and under certain conditions
- qualifying corporate bonds.

If you lose money on the sale of exempt assets, those losses cannot reduce your chargeable gains. (However, special rules apply to Enterprise Investment Scheme shares and any items of personal effects or goods which cost more than £6,000; please contact us for further information if you need it.)

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Transfers of assets between spouses and civil partners

If you sell or give an asset to your spouse or civil partner, and you are living together at some time in the tax year, there is no Capital Gains Tax to pay. We consider you are living together unless you are legally separated and that separation is likely to become permanent. We treat your sale proceeds as being of such an amount that you make neither a gain nor a loss, after *indexation allowance*. Indexation allowance is explained on page 5. However, your spouse or civil partner will pay tax on any gain over the total period of ownership (yours and theirs) when they eventually sell the asset.

Your main home

Usually a tax relief called 'private residence relief' will cover any gain you make on the sale of your main home (and if you make a loss, you will not be able to deduct that loss from other gains). You may have to pay tax if:

- the gardens or grounds, including the house, are more than half a hectare (a little less than one and a quarter acres)
- part of the house has been used for purposes other than your home, for example, in your business
- the house has not been used as your home throughout your ownership (but you can ignore the last three years of ownership), see *Letting relief* on page 15

- you have had a second home and the one sold has not been your main home throughout your ownership of it
- you acquired your home by way of a gift on which *gifts hold over relief* was obtained.

If you are married or in a civil partnership and living with your spouse or civil partner only one property, which either or both of you own, can qualify for the relief at any one time.

Prepare your capital gains computations before you start filling in the *Capital Gains Summary* pages

First, gather together any paperwork you may need, such as:

- contracts for purchase or sale of assets
- invoices for work you have had done to improve the asset
- copies of any valuations you have obtained
- brokers notes.

Then, prepare your computation of gain or loss. You will have to do this separately for each asset sold. We require your computations **and** the completed *Capital Gains Summary* pages with your Tax Return. There is a computation Working Sheet on page 16 that you can use. The next few paragraphs will help you with your computations.

How to make a Capital Gains Tax claim, an election or give any notice in your Short Tax Return

If you wish to make any claim, election or give any notice for Capital Gains Tax purposes in your Short Tax Return you must put an 'X' (as appropriate) in boxes 20, 26 or 33 on pages 1 or 2 of the *Capital Gains Summary* pages. You must also provide details of each claim, election or notice in the 'Any other information' box, box 35 or in your computations, providing a clear statement that a claim or an election is being made or a notice is being given in respect of a particular gain or loss. The Capital Gains Tax Help Sheets provide further detail about how particular claims or elections should be made in a Tax Return.

Estimates and valuations

There are occasions when you may have to estimate figures - please make it clear in your computations which figures are estimated, and why.

Valuations are more common, particularly if you sell assets that were acquired from, or sell assets to, people to whom you are *connected*, or sell only part of an asset.

Again, please make clear any use of valuations in your computations, and attach a copy. Please say who carried out the valuation and whether they were independent and suitably qualified. And if you have already asked us to check your valuation by sending us a form CG34, please make this clear in your computations. Where land or building valuations have been made, give a full description and attach a copy of the plan if this helps identification.

We may decide to check your valuations. We use specialist valuers to value a range of assets including *unlisted shares*, land, works of art and goodwill. If we make enquiries about your valuations you will be able to discuss your values with our valuers. If we cannot reach agreement you can appeal to an independent tribunal.

We do not always make enquiries. If we do not, you should not assume we agree with your valuations.

Connected persons

Connected persons are:

- your spouse or civil partner (but if you are living together at any time in the tax year in which you dispose of the asset to your spouse or civil partner, any gains are deferred until your spouse or civil partner sells the asset)
- your brothers and sisters, and your spouse's or civil partner's brothers and sisters
- your, and your spouse's or civil partner's, parents, grandparents and other ancestors
- your, and your spouse's or civil partner's, children and other descendants
- the spouses or civil partners of any of the relatives already mentioned
- your business partners and their spouses or civil partners and relatives (with some exceptions)
- any company you control, on your own or with any of the other people mentioned above
- the trustees of any settlement where you are, or any person connected with you is, a settlor.

If you dispose of an asset to, or acquire an asset from, a connected person the price paid should be replaced by the *market value* in working out your gain or loss. If you make a loss you can only set that loss against gains made on other disposals to the same connected person. These are known as *clogged losses*. Although they will be included in your total loss figures please keep a separate record of each clogged loss carried forward to later years to make sure you take it off correctly from future gains.

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Rebasing and 31 March 1982

If you dispose of an asset that you owned at 31 March 1982, gains or losses may be restricted to the amount of gain or loss since that date. You can elect to have gains or losses on all your assets owned at that date calculated by reference to their value then, rather than their historical cost. This is known as 'rebasing' and the election must be made by 31 January falling within one year and ten months of the end of the tax year in which you first disposed of an asset that you held on 31 March 1982. If you are making an election on this Short Tax Return please make it clear on your computation by writing 'rebasing election was made'. If you are calculating your gains or losses on the basis of an election made in an earlier Return please also make it clear in your computation. It may not be to your advantage to make this election and once made, you cannot withdraw it.

If you have not made an election you should compare the gain using the 31 March 1982 market value with the gain based on the original cost of the asset. If there is a gain both ways, the smaller gain is taxable. If there is a gain one way and a loss the other, nothing is taxable. And if there is a loss both ways, the smaller loss is allowable.

Disposal of shares or securities

There are rules which apply when you dispose of shares or securities that match a disposal with an acquisition; these notes do not cover those rules in detail but:

- shares acquired between 7 April 1965 and 5 April 1982 form a separate pool
- shares acquired after 5 April 1982 and before 6 April 1998 are treated as a single asset, a share pool, if they are of the same class, in the same company, and acquired in the same capacity
- shares acquired after 6 April 1998 are not pooled but acquisitions on the same day are treated as a single acquisition (with some exceptions).

Indexation allowance

Indexation allowance is equal to the amount by which the cost of your asset would have risen if its value had kept pace with inflation between the time you acquired it, or, if later, 31 March 1982, and April 1998. There is no indexation allowance on assets acquired after 31 March 1998. Any accumulated allowance, up to April 1998, may be taken into account for disposals after that date.

If you held an asset at March 1982, indexation allowance is calculated on the higher of the acquisition cost and 31 March 1982 value - unless you have made a *rebasing* election when it is based on the 31 March 1982 value. Indexation can reduce your gains to nil, but it cannot create or increase a loss.

Work out your indexation allowance by multiplying the cost of the asset by the indexation factor for the month and year when you acquired it. Multiply any subsequent improvement costs by the indexation factor for the month and year when payment for those improvements was due. Use the table of indexation factors below.

For example, if you incurred expenditure in June 1989, look across the Month columns to find June and then look down the column until you find the row for 1989. Your indexation factor for June 1989 will be 0.409.

	Month											
Year	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
1982			1.047	1.006	0.992	0.987	0.986	0.985	0.987	0.977	0.967	0.971
1983	0.968	0.960	0.956	0.929	0.921	0.917	0.906	0.898	0.889	0.883	0.876	0.871
1984	0.872	0.865	0.859	0.834	0.828	0.823	0.825	0.808	0.804	0.793	0.788	0.789
1985	0.783	0.769	0.752	0.716	0.708	0.704	0.707	0.703	0.704	0.701	0.695	0.693
1986	0.689	0.683	0.681	0.665	0.662	0.663	0.667	0.662	0.654	0.652	0.638	0.632
1987	0.626	0.620	0.616	0.597	0.596	0.596	0.597	0.593	0.588	0.580	0.573	0.574
1988	0.574	0.568	0.562	0.537	0.531	0.525	0.524	0.507	0.500	0.485	0.478	0.474
1989	0.465	0.454	0.448	0.423	0.414	0.409	0.408	0.404	0.395	0.384	0.372	0.369
1990	0.361	0.353	0.339	0.300	0.288	0.283	0.282	0.269	0.258	0.248	0.251	0.252
1991	0.249	0.242	0.237	0.222	0.218	0.213	0.215	0.213	0.208	0.204	0.199	0.198
1992	0.199	0.193	0.189	0.171	0.167	0.167	0.171	0.171	0.166	0.162	0.164	0.168
1993	0.179	0.171	0.167	0.156	0.152	0.153	0.156	0.151	0.146	0.147	0.148	0.146
1994	0.151	0.144	0.141	0.128	0.124	0.124	0.129	0.124	0.121	0.120	0.119	0.114
1995	0.114	0.107	0.102	0.091	0.087	0.085	0.091	0.085	0.080	0.085	0.085	0.079
1996	0.083	0.078	0.073	0.066	0.063	0.063	0.067	0.062	0.057	0.057	0.057	0.053
1997	0.053	0.049	0.046	0.040	0.036	0.032	0.032	0.026	0.021	0.019	0.019	0.016
1998	0.019	0.014	0.011									

Allowable losses

If the total costs of an asset exceed the disposal proceeds you have made a loss. For losses to be allowable they usually have to be claimed (see below). Total allowable losses of 2007-08 may usually be deducted from the total chargeable gains (before *taper relief*) for the year. There are restrictions on some losses, known as *clogged losses*, that can only be set against gains of certain types. Any loss arising as a result of an avoidance scheme may not be an allowable loss.

If the losses exceed the gains, you have losses to carry forward to set against future gains. You can in certain limited circumstances claim to set a loss against income of the same or the previous year but you cannot use the Short Tax Return if you want to do this.

When you set losses brought forward against gains of a later year (after setting off losses of the same year, first) you only use enough losses brought forward to reduce the gains, before *taper relief*, to the *annual exempt amount*.

You must use up brought forward losses from 1996-97 and later years before setting off losses from 1995-96 and earlier years.

In some rare circumstances you can carry losses back to set against gains of earlier years. If you would like to know more about carrying back losses, or if you have trading losses that are more than your taxable income and you wish to set some or all of those losses against your capital gains, please contact us.

Losses made since 1996-97 must be claimed within five years and ten months of the end of the tax year in which they were made. You can do this by filling in the *Capital Gains Summary* pages of your Short Tax Return and making your claim clear in your computation. The latest date for claiming 2007-08 losses is 31 January 2014. Losses made in 1995-96 and earlier years did not have to be claimed - they are brought forward each year until used up (but only after the losses of 1996-97 and later years have been used).

Losses are set against gains in the way most beneficial to you. So you should set them against gains that will have the highest percentage remaining after applying *taper relief*. (But you actually set your losses against your gains before applying *taper relief*.) For example, if you have sold two assets that resulted in gains, and 95% of one gain will be chargeable and 85% of the other, set your losses against the 95% gain first of all. You can use the 'Allocation of losses' table on page 17 to help you.

Taper relief

Taper relief replaced *indexation allowance* from 6 April 1998. The relief reduces the amount of the capital gain to be taxed on the sale of an asset, according to the number of 'whole years' you held the asset after 5 April 1998. This period of ownership is called the 'qualifying holding period'. The longer you have held the asset, the smaller the percentage of the gain to be taxed. The rate of *taper relief* depends on whether or not the asset was then a business asset.

A whole year is any continuous period of 12 months - parts of a year are ignored. With assets held before 6 April 1998, you only count the period since then. If you sell an asset on the anniversary of its acquisition you are treated as holding it for the whole year. For example, if you bought an asset on 4 June 2006 the first whole year was reached on 4 June 2007

Additionally, non-business assets (see page 7) that were acquired before 17 March 1998 may qualify for an additional year - the bonus year. So when working out the qualifying period for a non-business asset you owned on

17 March 1998 you should add one year to the number of whole years in the qualifying holding period from 5 April 1998.

Help Sheet 279 *Taper relief* has more detail.

Non-business assets for taper relief purposes

A non-business asset for taper relief purposes is simply any asset other than a business asset (see below). For disposals of non-business assets in 2007-08 the percentage of gain to be taxed is set out in the following table.

Number of whole years asset held (including any bonus year)	Percentage of gain chargeable
1	100
2	100
3	95
4	90
5	85
6	80
7	75
8	70
9	65
10	60

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Business assets

Since *taper relief* was introduced in 1998 the definition of a business asset has changed a number of times. You will need to work out when, during the relevant period of ownership, the asset was a business asset, according to the definition appropriate during the time the asset was owned. For 2007-08 the relevant period will be the period you have owned the asset after 5 April 1998 to the date of its disposal by you in 2007-08. More detail is given in Help Sheet 279 *Taper relief*. The Help Sheet also explains that the relevant period of ownership may be reduced in certain cases.

Between 6 April 1998 and 5 April 2000 a business asset was:
- an asset (other than shares or securities) used wholly or partly for the trade, profession or vocation that you carried on alone, or in partnership, or which was carried on by your qualifying company
- an asset (other than shares or securities) held for a qualifying office or employment with a trading employer for whom you were required to devote substantially the whole of your time
- any shares or securities you held in your qualifying company.

A company will be your qualifying company when it is:
- a trading company (or the holding company of a trading group), and
- one in which you held shares that entitled you to exercise at least 25% of the voting rights in the company, or
- one where you held shares that entitled you to exercise at least 5% of the voting rights in the company and you were a full-time working officer or employee of that company or group.

Between 6 April 2000 and 5 April 2004 the definition of a business asset remained unaltered but the definition of a 'qualifying company' became:

- for a trading company (or the holding company of a trading group), one whose shares
  - are not listed on a recognised stock exchange anywhere in the world, or
  - if listed, where you are either
    - an officer or employee of the company or group, or
    - you hold shares that entitle you to exercise at least 5% of the voting rights in that company
- for a company that is not a trading company (or the holding company of a non-trading group), one in which you
  - are an officer or employee of the company (or group) and
  - you do not have a material interest in the company or a company that controls it, see Help Sheet 279 *Taper relief* for more detail.

From 6 April 2004 an asset is also a business asset (other than an asset used for a trade carried on by a company or shares and securities in a company) when it is used wholly or partly for a trade carried on by:

- any individual, or
- the trustees of a settlement, or
- the personal representatives of a deceased person, or
- a partnership which includes one of the above as a partner.

If the asset was either an asset used by a company for its trade, or shares or securities in a company, that company must be your 'qualifying company', the definition of which has remained unchanged since 6 April 2000.

For disposals of business assets in 2007-08 the percentage of the gain to be taxed is set out in the following table.

Number of whole years asset held	Percentage of gain chargeable
1	50
2 or more	25

Any asset may become or cease to be a business asset during your period of ownership. This may be because of how the asset (other than shares) is used, or in the case of shares whether the company is still your qualifying company, or because of the changes in the definitions of what is a business asset. If so, you may need to apportion the gain according to its business and non-business use and apply the appropriate rate of taper to each part of the gain. However, the rate of taper will still be based on your entire qualifying holding period.

If you have an asset that qualifies partly as a business asset and partly as a non-business asset in the relevant period of ownership, the gain on the disposal of the asset will need to be apportioned between the two elements. Part of the gain will qualify for the business asset *taper relief*, and the other part will qualify for the non-business *taper relief*. Help Sheet 279 *Taper relief* gives examples of how to calculate the gain and *taper relief* on such assets.

Your computations

It is up to you how you prepare your computations but it may be easier if you follow the approach we set out here. You may be able to use the Working Sheet on page 16; use as many copies as you need. The Working Sheet is for simple calculations of gains or losses and can be used for a disposal of land or other assets. You will only be able to use the Working Sheet where the same rate of *taper relief* applies to the whole gain. You can also use it for a disposal of shares but only if it is a disposal of the whole of your holding of a particular class of shares and, where *indexation* or *taper relief* is due on the gain, the same rate of *indexation* or *taper relief* applies to all shares. You will not be able to use the Working Sheet if the asset has been acquired by the exercise of an option or if the disposal is a part disposal.

1 Start with a brief description of the asset (for example, number and type of shares sold or address of the property) and the date of sale. If the disposal was between *connected persons*, say so.

2 Then, put down the sale proceeds or market value, taking off any amount you have had to pay out to sell the asset to give you your net disposal proceeds.

3 Now enter the date of acquisition and work out what the asset has cost you over your period of ownership; that is, the actual cost (reduced by any earlier claim to tax relief, if applicable) plus any *incidental costs of acquisition* and improvement costs. Also work out the *indexation allowance* due (see page 5).

4 Take the total costs and *indexation allowance* away from your net disposal proceeds to work out the net gain or loss. (If indexation exceeds the gain, reduce the gain to nil. Indexation can reduce a gain to nil but it cannot create or increase a loss.)

5 Enter any capital gains relief (see page 15) you are claiming or elections being made, and enter the capital gain after the relief or election.

6 Enter any allowable capital losses brought forward from earlier years that you are deducting from this gain.

7 Deduct losses from gains to reach the taxable gains. Use losses of the year before losses brought forward from earlier years. You only need to use enough losses brought forward to reduce the total of all your gains to the *annual exempt amount* for the year. If, after reliefs and losses, you still have gains, reduce these by the amount of *taper relief* due (include the taper rate in your computation and say whether it is a business or non-business asset) for each gain. The notes above explain how to set-off losses the most beneficial way.

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Filling in the *Capital Gains Summary* pages

We would now like you to enter details from your computations onto the *Capital Gains Summary* pages, by filling in firstly under the three separate sections for:
- *listed shares and securities* (boxes 16-21)
- *unlisted shares* and securities (boxes 22-27)
- property and other assets and gains (boxes 28-34)

and, secondly, the summary section at the beginning of the form (boxes 3-15).

Your computations by themselves are insufficient (so please do not cross through the summary pages or mark them 'see attached').

Boxes 9, 12, 13 and 32 do not apply to users of the Short tax Return

Summary of your enclosed computations

3 **Total gains in the year, before losses and taper relief**
Enter the total amount of all your gains before any losses are deducted or taper relief is applied but after any reliefs, elections or claims are taken into account (apart from the *annual exempt amount* and *taper relief*)(boxes 19 + 25 + 31).

4 **Total losses of the year**
Enter the total amount of all your losses of the year, taken from your computations, including any *clogged losses*. If you do have any *clogged losses* please keep a separate record of each clogged loss carried forward to later years to ensure that it is deducted correctly from future gains. You should also identify in your computations any losses which are clogged and say why they are clogged.

5 **Losses brought forward and used in the year**
Enter the amount of losses brought forward from earlier years which are used in the year. You also only use losses brought forward to reduce gains to the *annual exempt amount* for the year. *Clogged losses* brought forward can only be set against gains of certain types.

6 **Total gains, after losses and taper relief but before the annual exempt amount**
Usually, the figure to be entered here will be the amount in box 3 minus the amount in boxes 4 + 5, minus any *taper relief* due. Losses should be set-off against gains before *taper relief* but see page 6 which explains how losses are used against gains where taper relief is due. There are restrictions on the use of *clogged losses* (see page 14).

7 **Annual exempt amount**
This is the *annual exempt amount* for the year in question and we have completed this box for you.

8 **Net chargeable gains (box 6 minus box 7) – *but if box 7 is more than box 6, leave blank***
The amount in this box should be the amount in box 6 minus the amount in box 7. If the *annual exempt amount* is more than the figure in box 6 please leave this box blank. The figure in this box will be the amount on which you are charged Capital Gains Tax.

9 **Additional liability in respect of non-resident or dual resident trusts**
This box will not be used.

10 **Losses available to be carried forward to later years**
Enter here the total of all unused losses you have available, of the year and from earlier years, to be carried forward to later years. Include any unused *clogged losses*. To ensure they are used correctly in future years keep a separate record of each of your unused *clogged losses*. You should also keep separate records of both unused losses claimed for 1996-97 and later years and for 1995-96 and earlier years.

11 **Losses used against an earlier year's gain**
This box only applies in very limited circumstances. The most common case is explained in Help Sheet 282 *Death, personal representatives and legatees*. There is more information in our Capital Gains Manual at **www.hmrc.gov.uk** about the circumstances when losses can be carried back to earlier years.

12 **Losses used against income – *amount claimed against 2007-08 income***
This box will not be used.

13 **Losses used against income – *amount claimed against 2006-07 income***
This box will not be used.

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14 **Income losses of 2007-08 set against gains**

This box will not apply to most people. Enter here the amount of any allowable trading losses, losses from furnished holiday letting, post-cessation expenditure or post-employment deductions that you wish to set against chargeable gains.

You should only enter the lower of:
- the total losses you can claim, and
- the amount required to reduce the figure of gain, after capital losses of the year have been set-off, to zero.

Help Sheet 227 *Losses* provides more information.

Listed shares and securities

16 **Number of disposals**

Enter here the number of disposals of listed shares and securities in the year to 5 April 2008. For the purposes of this box count all disposals of the same class of share or security in the same company made on the same day as a single disposal. Ignore disposals you do not make in your own capacity, for example, as a trustee.

17 **Disposal proceeds**

Enter the total disposal proceeds for all *listed shares and securities* before any reliefs, claims or elections are made. In some circumstances the amount you receive should be replaced in your calculation by the *market value* of the asset you disposed of.

18 **Allowable costs (including purchase price), and indexation**

Enter the total allowable costs which will usually include the purchase price, any *incidental costs of purchase and sale, improvement costs*, and any *indexation allowance*.

19 **Gains in the year, before losses and taper relief**

Enter here the total figure of all gains on *listed shares and securities*. This figure should be the gains after any relief, claims or elections have been taken into account but before any losses are deducted and any *taper relief* is applied.

20 **If you are making any claim or election, put 'X' in the box**

Put 'X' in this box if any disposal in this section is affected by a Capital Gains Tax claim or election made in this Tax Return.

21 **If your computations include any estimates or valuations, put 'X' in the box**

If you put 'X' in this box provide further details in your computation.

Unlisted shares and securities

22 **Number of disposals**

Enter here the number of disposals of *unlisted shares* and securities in the year to 5 April 2008. For the purposes of this box count all disposals of the same class of share or security in the same company made on the same day as a single disposal. Ignore disposals you do not make in your own capacity, for example, as a trustee.

23 **Disposal proceeds**
Enter the total disposal proceeds for all *unlisted shares* and securities before any reliefs, elections or claims are made. In some circumstances the amount you receive should be replaced in your calculation by the *market value* of the asset you disposed of.

24 **Allowable costs (including purchase price), and indexation**
Enter the total allowable costs which will usually include the purchase price, any *incidental costs of purchase and sale*, *improvement costs*, and any *indexation allowance*.

25 **Gains in the year, before losses and taper relief**
Enter here the total figure of all gains on *unlisted shares* and securities. This figure should be the gains after any reliefs, claims or elections have been taken into account but before any losses are deducted and any *taper relief* is applied.

26 **If you are making any claim or election, put 'X' in the box**
Put 'X' in this box if any disposal in this section is affected by a Capital Gains Tax claim or election made in this Tax Return.

27 **If your computations include any estimates or valuations, put 'X' in the box**
If you put 'X' in this box provide further details in your computation.

Property and other assets and gains

28 **Number of disposals**
Enter here the number of disposals of property and other assets made in the year to 5 April 2008.

29 **Disposal proceeds**
Enter the total disposal proceeds for all property and other assets and gains before any reliefs or claims are made. In some circumstances the amount you receive should be replaced in your calculation by the *market value* of the asset you disposed of.

30 **Allowable costs (including purchase price), and indexation**
Enter the total allowable costs which will usually include the purchase price, any *incidental costs of purchase and sale*, *improvement costs*, and any *indexation allowance*.

31 **Gains in the year, before losses and taper relief**
Enter here the total figure of all gains on disposals of property and other assets. This figure should be the gains after any relief, claims or elections have been taken into account but before any losses are deducted and any *taper relief* is applied.
Also include:
- gains of earlier years becoming taxable this year (see page 2 for more information), and
- gains on the recovery of certain loans and guarantee payments (see Help Sheet 296 *Debts and Capital Gains Tax*).

Please note that gains in the list above do not result from a disposal of an asset in the year and no consideration should be included for such gains in box 29.

32 **Attributed gains where personal losses cannot be set-off**
This box will not be used.

33 **If you are making any claim or election, put 'X' in the box**
Put 'X' in this box if any disposal in this section is affected by a Capital Gains Tax claim or election made in this Tax Return.

34 **If your computations include any estimates or valuations, put 'X' in the box**

If you put 'X' in this box provide further details in your computation please.

If there is any information you would like to add to your computations, please tell us in the 'Any other information' box, box 35. Please send us, with the *Capital Gains Summary* pages of your Short Tax Return, your computations, valuations and specified claim forms.

Glossary

Annual exempt amount

You do not pay Capital Gains Tax on the first £9,200 of your chargeable gains (after deducting losses and applying *taper relief*) for the tax year 2007-08. This amount is known as the annual exempt amount.

Date of sale

If the sale, or disposal, was under contract, the *date of sale* is usually the date of the contract. For example, you sell a house by exchanging contracts on 25 March 2007 and complete on 9 April 2007; the disposal takes place in the tax year 2006-07, not 2007-08. If, unusually, the contract is conditional, so that one or more conditions have to be met before the contract becomes binding, the *date of sale* is the date on which the last of the conditions is met.

Where there is no contract the *date of sale* will be when ownership is transferred. Or, if you receive a capital sum from an asset but do not dispose of it, the date you received the money will be treated as the date of disposal.

Market value

The *market value* is the price an asset might reasonably make on the open market on the date of its disposal or acquisition. Use the *market value* in place of the price you received if you gave an asset away, deliberately sold it for less than its full value, or disposed of it to a *connected person*. *Market value* will also apply where you acquired the asset in similar circumstances to the disposals above and will also include where you have made a *rebasing election*, if you have inherited the asset or have become absolutely entitled to settled property.

For shares and securities listed on the Stock Exchange Daily Official List, the *market value* is the lower of:

- the figure one quarter up from the lower of the two prices in the quotation for the relevant day, and
- the figure halfway between the highest and lowest prices of recorded bargains for that day.

Sale proceeds

Sale or disposal proceeds may include:

- cash, payable now or in the future, or anything that can be turned into cash, unless it is taxable as income
- the value of an asset received in exchange for the asset you disposed of
- the value of a right to receive future payments where the amount of these payments cannot be known at the date of disposal.

If you know what you will receive after the date of disposal include the total now in your computation. (If it becomes clear later that you will not receive some of the proceeds the calculation can be adjusted.) If the disposal proceeds included in your computation are going to be paid in instalments over a period of more than 18 months you may not have to pay all the tax now - please contact us.

Amount you have had to pay out to sell the asset/incidental costs of disposal or acquisition

You can deduct disposal costs and amounts that add to the costs of purchasing an asset as long as they really were for the disposal or acquisition of the asset. These costs are:

- fees, commission or payment for professional advice
- the cost of transfer or conveyance
- Stamp Duty
- advertising costs
- valuation costs to work out the gain on disposal.

If the asset had an expected life of 50 years or fewer, allowable costs and expenses may be limited to reflect the remaining life of the asset.

Acquisition cost

The amount paid out, or, in certain cases, the *market value*, to acquire the asset. If you created the asset yourself, (such as goodwill in a business), the costs of creating the asset, if any.

Improvement costs

The cost of improving an asset so long as that improvement is still reflected in the asset at the time of sale.

Listed shares and securities

For the purpose of completing these pages only 'listed shares and securities' means any of the following:

- shares or securities of a company listed on a recognised stock exchange throughout the period you owned them - ignoring any period when the listing or quotation was temporarily suspended - go to **www.hmrc.gov.uk** for more details
- shares in a company that was a UK open-ended investment company (OEIC) throughout your period of ownership
- units in a unit trust that was an authorised unit trust, throughout your period of ownership.

Unlisted shares

For the purposes of these pages only, any shares or securities not within the 'listed shares and securities' definition above.

Clogged losses

The most common type of clogged loss is a loss on disposal to a *connected person*. These losses can only be set against gains on disposals to the same *connected person*. The other clogged loss is a loss transferred to you after 15 June 1999 by trustees when you become absolutely entitled to settled property. These losses can only be set, and in priority to any other losses, against gains arising on the same asset, or an asset derived from that asset.

Capital gains reliefs (and elections)

Some reliefs have to be claimed and you must make your claim by clearly stating it in your attached computation. Some claims have to be made on a separate claim form. Others, such as private residence relief, are due without needing to make a claim. In some cases, you may have to make an election, such as for *rebasing*. We only explain a few here, and briefly - most, particularly those involving business assets, are covered fully in our Help Sheets.

Gifts hold over relief - allows gains to be deferred when certain assets are given away for less than their *market value*. Help Sheet 295 *Relief for gifts and similar transactions* explains this fully and includes the relevant claim form.

Dependent relative relief - allows relief on the disposal of a home you provided for a dependent relative before 6 April 1988. If this applies please note your computation. Help Sheet 283 *Private residence relief* goes into the detail.

Halving relief - relieves half of a gain arising from another gain, previously deferred - see Help Sheet 280 *Rebasing - assets held at 31 March 1982*.

Enterprise Investment Scheme and Venture Capital Trust disposal; see Help Sheet 297 *Enterprise Investment Scheme and Capital Gains Tax* and Help Sheet 298 *Venture Capital Trusts and Capital Gains Tax*.

Unremittable gains and gains becoming remittable - both refer to disposals abroad, and either you are claiming not to be taxed because it is impossible to bring the gain into the UK, or you previously claimed this and are now able to bring the gain into the UK. If either affect you, please contact us.

Negligible value claims - see Help Sheet 286 *Negligible value claims and Income Tax losses on disposals of shares you have subscribed for in qualifying trading companies*.

Relief for foreign tax paid - if you have paid tax overseas on a foreign gain and wish to claim credit against UK tax **you cannot use the Short Tax Return**.

Letting relief - if you only get partial private residence relief because you have let some or all of your home as residential accommodation, you may be entitled to further relief - see Help Sheet 283 *Private residence relief*.

Computation Working Sheet – complete one sheet for each asset sold

Description of asset

for example, type and number of shares sold or address of property

Date of sale *DD MM YYYY*

	Box	£	Box	£
Disposal/sale proceeds or market value *if appropriate*	1			
Incidental costs of disposal/sale	2			
Net disposal proceeds *box 1 minus box 2*			3	
Date of acquisition				
Cost or 31 March 1982 value *See page 4*	4			
Incidental costs of aquisition	5			
Improvement costs	6			
Indexation allowance	7			
Total costs *boxes 4 + 5 + 6 + 7*			8	
Gain or loss *box 3 minus box 8*			9	
Capital gains elections or reliefs *not the annual exempt amount*	10			
and description				
Losses deducted *See page 6 for guidance*	11			
Net gain *box 9 minus boxes 10 + 11*			12	
Taper rate	13	%		
Net gain after taper relief *box 12 multiplied by the rate in box 13*			14	

Allocation of losses

Taper rate	Gains by taper rate	Losses set against gain	Gains after losses	Tapered gains
100				
95				
90				
85				
80				
75				
70				
65				
60				
50				
25				
			Total	

Further information

If you have a complaint

For information about our complaints procedures go to **www.hmrc.gov.uk** and select *Contact us* and then go to *Complaints*.

How we use your information

Data Protection Act

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so. For more information go to **www.hmrc.gov.uk** and look for *Data Protection Act* within the *Search* facility.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

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