Capital Gains Tax (CGT) on the disposal of an asset

1. Overview
2. **What do you pay CGT on?**
3. What is exempt from CGT?
4. How to calculate CGT
5. When and how do you pay and file CGT?
6. If you make a loss
7. Selling or disposing of shares
8. CGT Clearance Certificate (CG50A)

What do you pay CGT on?

You must pay CGT on gains made from the sale, gift or exchange of an asset such as:

- land (including development land)
- buildings (houses, apartments, or commercial property)
- shares in companies (Irish-resident or non-resident)
- assets that have no physical form such as goodwill, patents and copyright
- currency (other than Irish currency)
- assets of a trade
- foreign life insurance policies and offshore funds

  and

- capital payments (in certain situations).

You might also have to pay CGT on gains for other types of assets. Examples of these assets include antiques, paintings and jewellery.

In some situations, reliefs may apply. Exemptions are explained in the 'What is exempt from CGT?' page in this section. You might be able to claim credit if you have paid foreign CGT on a foreign property.

Development land is land (including buildings) in the Republic of Ireland which is disposed for a price higher than its ‘current use value’.

Current use value is the market value of the land if no development (other than minor development) could be carried out.

Jointly owned assets

If you dispose of an asset that you jointly own, you only pay CGT on your share of the gain.

Example 1

Jack and his brothers, Mark and Conor, each inherited one third of a house in 2004. The market value of the house at the date of acquisition was €150,000.

Jack and his brothers sold the house in December 2017 for €350,000. They paid solicitor's fees of €1,500 and auctioneer's fees of €752 in relation to the sale.

Jack, Mark and Conor will each have to pay CGT on one third of the total chargeable gain.

As an individual, Jack has a personal exemption. The first €1,270 of his gains each year are exempt from CGT.

Calculation of Jack's CGT

Description	Calculation	Value
Sale price		€350,000
Deduct allowable expenses:		
Market value at acquisition		€150,000
Solicitor's fees (sale)		€1,500
Auctioneer's fees (sale)		€752
Total chargeable gain		**€197,748**
Jack's share of chargeable gain (one-third)	€197,748 ÷ 3	€65,916
Deduct Jack's personal exemption		€1,270
Taxable gain		**€64,646**
CGT due (33% of €64,646)	€64,646 × 0.33	€21,333.18

Jack pays his CGT by 31 January 2018. He files his CGT return by 31 October 2018.

Compensation and insurance money

Money you receive as compensation and insurance money may be treated as a disposal. You must pay CGT on it. This is money you receive as:

- compensation for damage or destruction of an asset
- compensation for the forfeiture or surrender of rights

- insurance payments because of loss, damage, depreciation or destruction of an asset

  or

- compensation for the use or exploitation of an asset.

You might use the money to replace or repair the asset. If you do, you may defer CGT until you eventually sell the replaced or repaired asset. The deferral of CGT is a relief, it does not apply automatically, you can claim it:

- through MyEnquiries in myAccount or Revenue Online Service (ROS)

  or

- by writing to your Revenue office.

Sign in to myAccount → **Sign in to ROS →**

The compensation you receive reduces the cost of the asset. It can also reduce the replacement cost of the asset if you have lost it or it has been destroyed.

Example 2

Alison buys a property for €200,000, and insures it. The property is damaged in a fire. At the time of the fire the value of the property has increased to €240,000.

She receives a payment of €80,000 under the insurance policy for damage resulting from the fire. This is treated as a capital payment derived from an asset (the property) and she must pay CGT on it.

Alison uses €78,000 to repair the damage to the property. She can defer the payment of the CGT. She claims the deferment relief through MyEnquiries.

The amount of compensation that she receives will be treated as reducing the cost of the asset.

Calculation of adjusted cost - not all insurance money used

Description	Value
Cost of property	€200,000
Deduct insurance payment received	€80,000
Add insurance payment used	€78,000
Adjusted cost	**€198,000**

The CGT will not be due on the payment until the asset is sold. Alison eventually sells the property for €240,000.

Calculation of Alison's CGT - not all insurance money used

Description	Calculation	Value
Sale price		€240,000
Deduct allowable expenses:		
Adjusted cost		€198,000
Chargeable gain		**€42,000**
Deduct personal exemption		€1,270
Taxable gain		**€40,730**
CGT due (33% of €40,730)	€40,730 × 0.33	€13,440.90

If Alison had used all the insurance money, her calculation would be:

Calculation of adjusted cost - all insurance money used

Description	Calculation	Value
Cost of property		€200,000
Deduct insurance payment received		€80,000
Added insurance payment used		€80,000
Adjusted cost		**€200,000**

Calculation of Alison's CGT - all insurance money used

Description	Calculation	Value
Sale price		€240,000
Deduct allowable expenses:		
Adjusted cost		€200,000
Chargeable gain		**€40,000**
Deduct personal exemption		€1,270
Taxable gain		**€38,730**
CGT due (33% of €38,730)	€38,730 × 0.33	€12,780.90