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

Selling or disposing of shares

Calculating CGT is straightforward if your shares are all the same class and were acquired at the same time.

There are special rules for calculating CGT when you have acquired shares:

- on different dates
- through a bonus or rights issue

  and
- of a different class.

Shares acquired on different dates

You might hold shares of the same class which you acquired on different dates. When you dispose of some of the shares, the oldest shares are treated as being sold first. This is know was the First-in First-out (FIFO) rule.

Using the FIFO rule, the allowable cost is calculated by using the cost of the shares you bought first.

Example 1

John bought 2,000 preference shares in Trio Ltd. in 2004 for €2,000 (€1 per share). In 2006, he bought a further 4,000 preference shares in Trio Ltd. for 6,000 (€1.50 per share).

He sold 3,000 of these shares in May 2017 for €5,000. John had no other gain in 2017.

As John only sold some of his shares, he uses the FIFO rule to calculate the purchase price. He treats it as if he has sold the 2,000 shares he bought in 2004 and 1,000 of the shares he bought in 2016.

Cost of shares sold - FIFO rule

Description	Value
2,000 shares acquired in 2004 for €1 per share	€2,000
1,000 shares acquired in 2006 for €1.50 per share	€1,500
Cost of 3,000 shares sold	**€3,500**

When John calculates his CGT, he can use €3,500 as his purchase price.

Calculation of John's CGT

Description	Calculation	Value
Sale price		€5,000
Deduct allowable expense:		
Cost of shares sold		€3,500
Chargeable gain		**€1,500**
Deduct personal exemption		€1,270
Taxable gain		**€230**
CGT to be paid (33% of €230)	€230 x 0.33	€75.90

John pays his CGT by 15 December 2017. He files his return by 31 October 2018.

Shares purchased and sold within a four-week period

Special rules apply to shares purchased and then sold within four-weeks.

Where shares are sold within four weeks of purchase, Revenue treat the shares sold as being those shares purchased in the four weeks prior. This is known as the last in, first out rule. Where the number of shares sold exceeds the shares purchased in the four weeks prior, the normal FIFO rule applies to the excess shares.

Example 2

Tara purchased 1,000 ordinary shares in Alpha Ltd. on 2 January 2026. She purchased a further 2,000 ordinary shares in Alpha Ltd. on 1 April 2026.

On 14 April 2026, Tara sold 2,000 ordinary shares in Alpha Ltd. As the disposal occurred within four weeks of a purchase, Revenue treat the shares sold as being the shares purchased on 1 April 2026.

Shares sold and repurchased within a four-week period

A restriction on loss relief applies to shares sold and repurchased within four weeks. Any loss arising on the sale will only offset any gain made on a subsequent disposal of the repurchased shares. Where the repurchase involves a fraction of the shares sold, the same fraction applies to the restriction on the loss.

Example 3

Jane sold 3,000 ordinary shares in Abcee Ltd. on 14 March 2026, making a loss of €1,000. Jane purchased 3,000 ordinary shares in Abcee Ltd. on 1 April 2026. Jane repurchased ordinary shares in Abcee Ltd. within four weeks of a sale. As such, she can only use the €1,000 loss to reduce any gains made on the future sale of the repurchased shares.

Bonus or rights issues

You might receive additional shares from a bonus or rights issue. These shares are treated as being acquired at the same time as you acquired the original shares.

Bonus issue

A bonus issue is where a company issues additional shares to a shareholder for no cost.

If you are not selling all the shares you hold, you will need to calculate the cost per share. This is calculated by dividing the original cost by the new number of shares.

If you are selling all shares, the original cost is considered the cost for all the shares.

Example 4

Harry bought 1,000 ordinary shares in Crydex Ltd. in 2004 for €1,000.

In 2017, he received a bonus issue of one share for every five shares held. (He got 200 bonus shares.)

He sold 500 shares in March 2018 for €2,000.

Cost of shares sold

Description	Calculation	Value
Original cost		**€1,000**
Divide by number of total shares	€1,000/1,200	€0.83
Cost of 500 shares sold	€0.83 x 500	**€415**

Harry can now calculate his taxable gain.

Calculation of Harry's CGT

Description	Calculation	Value
Sale price		€2,000
Deduct allowable expenses:		
Cost of 500 shares sold		€415
Chargeable gain		**€1,585**
Deduct personal exemption		€1,270
Taxable gain		**€315**
CGT to be paid (33% of €315)	€315 x 0.33	€103.95

Harry pays his CGT by 15 December 2018. He files his CGT Return by 31 October 2019.

Rights issue

A rights issue is where a company issues shares to a shareholder for a cost which is less than their market value.

When you dispose of these shares, the cost of the rights issue is an enhancement expenditure.

If you are not selling all the shares, you will need to calculate:

- the cost of the shares sold. To do this:
  - divide the original cost by the new number of shares

    and
  - multiply this by the total number of shares sold.
- the enhancement expenditure of the shares sold. To do this:
  - divide the rights shares cost by the new number of shares

    and
  - multiply this by the total number of shares sold.

Example 5

Rights issue of shares - all shares sold

Amy bought 100 ordinary shares in Cemix Ltd. in 2003 for €500 (€5 per share). In 2007, she received a rights issue of one share for every two shares held. Fifty shares for €250 (€5 per share).

She sold all 150 shares in October 2018 for €3,750 (€25 per share).

When Amy calculates her CGT, the rights issue shares are considered an enhancement expenditure.

Calculation of Amy's CGT

Description	Calculation	Value
Sale price		€3,750
Deduct allowable expenses:		
Cost		€500
Enhancement expenditure		€250
Chargeable gain		**€3,000**
Deduct personal exemption		€1,270
Taxable gain		**€1,980**
CGT to be paid (33% of €1,980)	€1,980x 0.33	€653.40

Amy pays her CGT by 15 December 2018. She files her CGT Return by 31 October 2019.

Example 6

Rights issue - not all shares sold

In June 2003, Anna bought 100 ordinary shares in Ablett Ltd. for €500 (€5 per share). In November 2009, Anna received a rights issue of one share for every two held. Fifty shares for €200 (€4 per share).

Anna sold 90 of the shares in June 2019 for €2,250 (€25 each).

As she has not sold all the shares, Anna needs to calculate the:

• cost of the 90 shares she has sold

• enhancement expenditure of the 90 shares.

Cost of original shares sold

Description	Calculation	Value
Original cost		€500
Divide by total number of shares	€500 / 150	€3.333
Cost of 90 shares	€3.33 x 90	**€299.70**

Enhancement expenditure of shares sold

Description	Calculation	Value
Original cost		€200
Divide by total number of shares	€200 / 150	1.333
Enhancement expenditure of 90 shares	€1.333 x 90	**€119.97**

Anna can use these amounts to calculate her taxable gain.

Calculation of Anna's CGT

Description	Calculation	Value
Sale price		€2,250
Deduct allowable expenses:		
Cost of shares sold		€299.70
Enhancement expenditure of shares sold		€119.97
Chargeable gain		**€1,830.33**
Deduct personal exemption		€1,270
Taxable gain		**€560.33**
CGT to be paid (33% of €560)	€560.33 x 0.33	€184.91

Anna pays her CGT by 15 December 2019. She files her CGT Return by 31 October 2020.

Shares of a different class

You might receive shares, under a bonus or rights issue, that are a different class to the shares that you hold. As the shares are different classes, you cannot identify the allowable cost of the shares disposed.

You will need to calculate the cost (or enhancement expenditure) of each class of share. To do this:

- multiply the original cost by the market value of the class of share

  and
- divide this by the total market value of both classes of shares.

Market value

The market value of:

- quoted shares is the quoted price on a stock exchange the day after the bonus or rights issue

  and
- shares not quoted on a stock exchange is the value of the shares at the date of disposal.

Example 7

Shares of a different class - rights issue (some preference shares sold)

In January 2006, Joanne bought 1,000 shares in Annex Ltd. for €5,000 (€5 per share). Annex Ltd. is an unquoted company.

On 14 June 2010, she received a rights issue of one preference share for every two ordinary shares held for €2,000. She gets 500 preference shares at a cost of €2,000 (€4 per share).

Joanne sold 400 preference shares for €6,000 (€15 per share) on 23 November 2018.

Information Joanne needs to know is:

• All the shares are considered to have been acquired in January 2006.

• The original cost of all the 1,000 ordinary shares is €5,000.

• The original enhancement expenditure is €2,000 (the rights issue of 500 preference shares).

• On the date of disposal, 23 November 2018, the value of the ordinary shares was €20 per share. (The total market value of Joanne's ordinary shares was €20,000.)

• On the date of disposal, 23 November 2018, the value of the preference shares was €10 per share. (The total market value of Joanne's preference shares was €5,000.)

To calculate her CGT, Joanne needs to know the cost and enhancement expenditure of the preference shares she sold.

She calculates the cost and enhancement expenditure of all the preference shares:

Cost of all preference shares

Description	Calculation	Value
Original cost multiplied by market value of preference shares	€5,000 x €5,000	€25,000,000
Divide by total market value of both classes of shares	€20,000 + €5,000	€25,000
Cost of all preference shares	€25,000,000 / €25,000	**€1,000**

Enhancement expenditure of all preference shares

Description	Calculation	Value
Original enhancement expenditure multiplied by total market value of preference shares	€2,000 x €5,000	€10,000,000
Divide by total market value of both classes of shares	€20,000 + €5,000	€25,000
Enhancement expenditure of all preference shares	€10,000,000 / €25,000	**€400**

Joanne can then calculate the cost and enhancement expenditure of the 400 preference she has sold:

Cost of preference shares sold

Description	Calculation	Value
Cost of all preference shares		€1,000
Divide by total number of preference shares	€1,000 / 500	€2
Cost of 400 preference shares	€2 x 400	**€800**

Enhancement expenditure of preference shares sold

Description	Calculation	Value
Original cost		€400
Divide by total number of shares	400 / 500	0.8
Enhancement expenditure of 400 preference shares	0.8 x 400	**€320**

Joanne can now calculate her CGT on the disposal of her preference shares:

Calculation of Joanne's CGT

Description	Calculation	Value
Sale price		€6,000
Deduct allowable expenses:		
Cost of preference shares sold		€800
Enhancement expenditure of preference shares sold		€320
Chargeable gain		**€4,880**
Deduct personal exemption		€1,270
Taxable gain		**€3,610**
CGT to be paid (33% of €3,610)	€3,610 x 0.33	€1,191.30

Joanne must pay her CGT by 15 December 2018. She files her CGT Return by 31 October 2019.

Example 8

Shares of a different class - rights issue (ordinary shares sold)

In January 2007, Conor bought 1,000 ordinary shares in Lilax Ltd., a quoted company, for €2,000 (€2 per share).

On 15 March 2010, he received a rights issue of one preference share for every two ordinary shares held for €500. He gets 500 preference shares at a cost of €500 (€1 per share).

Conor sold all his 1,000 ordinary shares for €6,000 in November 2018 (€6 for each share).

Information Conor needs to know is:

• All the shares are considered to have been acquired in January 2007.

• The original cost of all the 1,000 ordinary shares is €2,000.

• The original enhancement expenditure is €500 (the cost of the rights issue of 500 preference shares).

• On the day after the rights issue, 16 March 2010, the market value of the ordinary shares was €5 per share. (The total market value of Conor’s ordinary shares was €5,000.)

• On the day after the bonus issue, 16 March 2010, the market value of the preference shares was €10 per share. (The total market value of Conor’s preference shares was €5,000).

To calculate his CGT, Conor needs to know the cost and enhancement expenditure of the shares he sold.

Cost of ordinary shares

Description	Calculation	Value
Original cost multiplied by total market value of ordinary shares	€2,000 x €5,000	€10,000,000
Divide by total market value of both classes of shares	€5,000 + €5,000	€10,000
Cost of ordinary shares	€10,000,000 / €10,000	**€1,000**

Enhancement expenditure of ordinary shares

Description	Calculation	Value
Enhancement expenditure multiplied by market value of ordinary shares	€500 x €5,000	€2,500,000
Divide by total market value of both classes of shares	€5,000 + €5,000	€10,000
Enhancement expenditure of ordinary shares	€2,500,000 / €10,000	**€250**

Conor can use the cost and enhancement expenditure to calculate his CGT.

Conor's CGT calculation

Description	Calculation	Value
Sale price		€6,000
Deduct allowable expenses:		
Cost of ordinary shares		€1,000
Enhancement expenditure of ordinary shares		€250
Chargeable gain		€4,750
Deduct personal exemption		€1,270
Taxable gain		>€3,480
CGT to be paid (33% of €3,480)	€3,480 x 0.33	€1,148.40

Conor must pay his CGT by 15 December 2018. He files his CGT Return by 31 October 2019.

Example 9

Shares of a different class - bonus issue

In 2007, Niamh bought 1,000 ordinary shares in Denlix Ltd., a quoted company, for €4,000 (€4 per share).

On 15 March 2010, she received a bonus issue of two preference shares for each ordinary share held (500 shares).

Niamh sold all 500 of her preference shares in August 2018.

Information Niamh needs to know is:

• All the shares will be considered to have been acquired in 2007.

• The original cost of the all 1,500 shares is considered to be €4,000.

• On the day after the bonus issue, 16 March 2010, the market value of the ordinary shares was €20 per share. (The total market value of Niamh's ordinary shares was €20,000.)

• On the day after the bonus issue, 16 March 2010, the market value of the preference shares was €10 per share. (The total market value of Niamh's preference shares was €5,000).

She needs to calculate the cost of the preference shares she sold.

Cost of preference shares

Description	Calculation	Amount
Original cost multiplied by market value of preference shares	€4,000 x €5,000	€20,000,000
Divide by total market value of both classes of shares	€20,000 + €5,000	€25,000
Cost of preference shares	€20,000,000 / €25,000	**€800**

Niamh can use the cost to calculate her CGT on the disposal of her preference shares.

Calculation of Niamh's CGT

Description	Calculation	Value
Sale price		€8,000
Deduct allowable expenses:		
Cost of preference shares		€800
Chargeable gain		**€7,200**
Deduct personal exemption		€1,270
Taxable gain		**€5,930**
CGT to be paid (33% of €1,755.50)	€5,960 x 0.33	€1,956.90

Niamh must pay her CGT by 15 December 2018. She files her CGT Return by 31 October 2019.