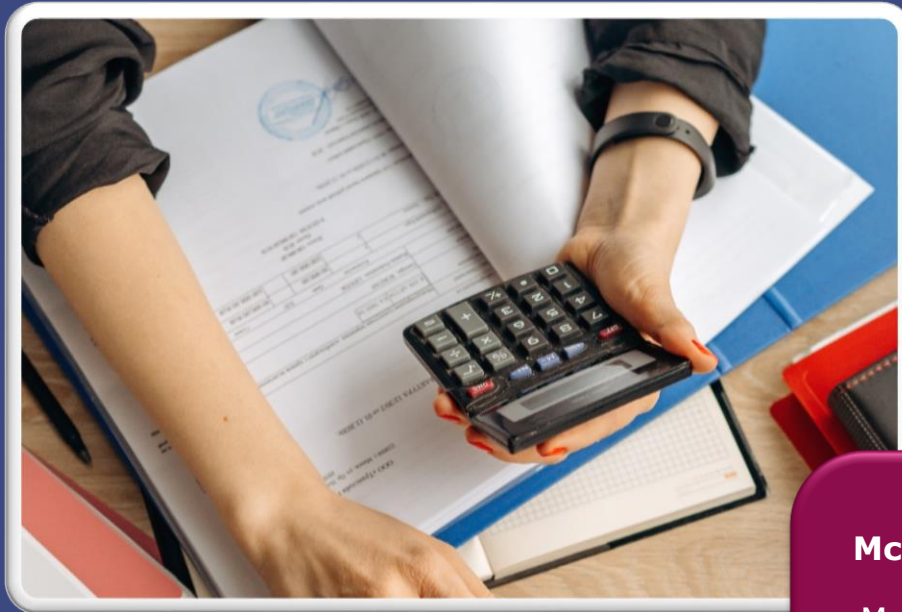


# CHANGES TO CAPITAL GAINS TAX 2024



The Spring 2024 Budget announced some further changes to Capital Gains Tax for higher rate taxpayers only.

## What is Capital Gains Tax?

According to HMRC website, 'Capital Gains Tax is a tax on the profit when you sell (or 'dispose of') something (an 'asset') that's increased in value.

It's the gain you make that's taxed, not the amount of money you receive. For example, if you bought a painting for £5,000 and sold it later for £25,000, you've made a gain of £20,000 (£25,000 minus £5,000).'

With regards to CGT for property, we are dealing with the sale of property that is not your private residence.

## What's changing in 2024?

### Annual Exemption

The capital gains tax (CGT) annual exemption will drop to £3,000 in 2024/25, down from £6,000 in 2023/24. This change will mean that those selling capital assets such as property or shares will pay more tax.

## Rates

The main rates of CGT remain at 10% for basic rate taxpayers (or those disposing of a business that qualifies for Business Asset Disposal Relief) and then 20% in most other cases.

However, increased rates apply when the asset being sold is a residential property that is not your private residence. From 6 April 2024, the residential property CGT rate will remain at 18% for basic rate taxpayers but **will reduce from 28% to 24% for those with residential property gains falling outside of their basic rate band – higher rate taxpayers.**

This measure is intended to generate more transactions in the property market, benefitting those looking to move home or get on the property ladder.

### 60 day payment reminder

Remember, for property disposals that give rise to CGT, tax payment and reporting obligations can arise just 60 days after your completion date so make sure you take advice in good time.

## How can McPhersons help?

McPhersons have a dedicated tax department and many clients in the property sector.

We have our own dedicated property resource centre with a wealth of information on ways to reduce your tax bill. Visit our [website here](#) for more information.

Please [get in touch](#) for a more detailed analysis of how the changes in CGT will affect you.

