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ZMARTLY FACTSHEET SERIES

INDIVIDUALS & INVESTORS

Capital Gains Tax Explained

A clear guide to how Capital Gains Tax works in the UK: when it applies, the rates and exemptions, and practical ways to keep your bill down.

Tax year **2026/27** · Prepared by **Harvey Dhillon** · Last reviewed **19 November 2025** · Sources: gov.uk

CGT RATES	CGT EXEMPT AMOUNT	BASIC-RATE BAND
18% · 24%	**£3,000**	**£37,700**

01 What Capital Gains Tax is

Capital Gains Tax (CGT) is charged on the profit you make when you sell or dispose of an asset that has risen in value. It's the gain that's taxed, not the total amount you receive.

GOOD TO KNOW
You only pay CGT on the profit above your tax-free allowance.

02 The annual exempt amount

Everyone has a tax-free allowance for capital gains each year before any tax is due.

- The annual exempt amount is £3,000 for 2026/27
- Gains below this in the tax year are tax-free
- Unused allowance can't be carried forward to a later year

GOOD TO KNOW
Spouses and civil partners each get their own £3,000 allowance.

03 The rates

Your CGT rate depends on the type of asset and how much of your basic-rate band is left.

- Residential property: 18% within the basic-rate band, 24% above it
- Other assets: 18% / 24% on the same basis (since 30 October 2024)
- Business Asset Disposal Relief: 18% for 2026/27 on up to a £1m lifetime limit

GOOD TO KNOW
Gains stack on top of income, so they can push part of a gain into the higher rate.

04 What's taxed and what's exempt

Many everyday disposals are free of CGT thanks to specific reliefs and exemptions.

- Your main home is usually exempt via Private Residence Relief
- Investments held in an ISA are exempt
- Second homes, buy-to-lets and most shares outside an ISA are taxable

GOOD TO KNOW
Transfers between spouses and civil partners are normally made with no immediate CGT.

05 The 60-day reporting rule

Selling UK residential property that produces a taxable gain triggers a tight reporting deadline.

- Report the gain and pay the tax within 60 days of completion
- This is done through a separate HMRC Capital Gains Tax online return
- The gain still appears on your annual Self Assessment too

GOOD TO KNOW
Missing the 60-day deadline can lead to penalties and interest, even if you later file on time.

06 How to reduce your bill

A little planning around timing and ownership can make a real difference to the CGT you pay.

- Use both spouses' £3,000 allowances by transferring assets before sale
- Time disposals across tax years to use two annual allowances
- Offset losses against gains in the same year

GOOD TO KNOW

Spreading disposals and sharing ownership are simple, legitimate ways to make full use of allowances.

Common questions

Do I pay CGT when I sell my home?

Usually not, because your only or main residence is normally covered by Private Residence Relief.

How quickly must I report a property gain?

Taxable gains on UK residential property must be reported and paid within 60 days of completion.

Can I use my spouse's allowance?

You can transfer assets to a spouse or civil partner before sale so both £3,000 allowances are used, with no CGT on the transfer itself.

Is Capital Gains Tax different in Scotland?

No. Unlike income tax, Capital Gains Tax is not devolved, so the same UK rates and the £3,000 allowance apply in Scotland, Wales and Northern Ireland exactly as they do in England.

How do I report and pay Capital Gains Tax to HMRC?

Most gains are reported through your annual Self Assessment, but a taxable gain on UK residential property must be reported and paid through a separate HMRC Capital Gains Tax online return within 60 days of completion.

NEXT STEP

Get expert eyes on your tax

Book a free 30-minute Tax Health Check — we review your situation, sense-check the figures and show you where you could save.

Scan to book a free call

For guidance only — this factsheet does not constitute professional advice and is not a substitute for advice based on your specific circumstances. Whilst every care has been taken in its preparation, it may contain errors for which we cannot be responsible. Figures are for the 2026/27 UK tax year (England, Wales & Northern Ireland) and may change. Scottish taxpayers face different income tax rates; dividend rates are UK-wide. Last reviewed 19 November 2025.

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