Capital Gains

Accounting & Finance

Taxing the gain on disposal rather than the income.

A chargeable gain is the disposal proceeds less the acquisition cost and allowable costs.

Gain = Proceeds – Cost – Allowable costs

Allowable costs Not repairs.	**Acquisition, enhancement, disposal**
Losses	**Offset against gains**
Gifts	**Usually at market value**

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× **Deducting maintenance from the gain**

✓ **Only enhancement expenditure counts**

Repairs preserve the asset and are revenue in nature. Only spending that improves it is capital and deductible.

Educational reference. Rates, annual exemptions and reliefs vary widely and change often. Not tax advice.