

OVERVIEW

For the 2005–06 income year:

- net capital gains totalled \$46.9 billion, reported by 1,019,615 taxable individuals, 18,844 taxable companies and 90,496 taxable funds
- capital gains tax (CGT) payable on the net capital gains of taxable individuals, companies and funds was estimated to be \$11.4 billion
- 618,866 taxable individuals, companies and funds declared \$86.5 billion in total current year capital gains on their CGT schedules. Approximately 61.0% (\$52.8 billion) of these total capital gains were sourced from share transactions, and
- 22,109 individuals and 3,328 companies claimed small business CGT concessions worth \$1,530 million and \$697 million respectively.

INTRODUCTION

This chapter provides CGT information on individuals, companies and funds, as reported on their individual, company and fund tax returns as well as CGT schedules. CGT is the tax payable on any net capital gain included with other assessable income on an entity's (individual, company or fund) tax return. Normal rates of tax apply to a net capital gain.

A net capital gain is the total capital gain made by a taxpayer for an income year, reduced by:

- the taxpayer's total capital losses for the income year and any net capital losses from previous years, and
- any CGT discount or small business CGT concessions the taxpayer is entitled to.

If total capital gains are less than total capital losses for an income year, the taxpayer has a net capital loss for that income year. This loss cannot be deducted from assessable income; it can be used only to reduce capital gains in subsequent income years.

A capital gain or capital loss may arise if a CGT event happens, with the most common CGT event being the sale of an asset. Some typical assets are:

- land
- shares
- units in a unit trust or managed investment fund
- collectables which cost over \$500, (for example, jewellery), and
- personal use assets which cost over \$10,000.

NEW FEATURES AND INFORMATION

Statistics for the 2005–06 income year reported in this chapter may have been affected by:

- the extension of marriage breakdown CGT rollover relief for certain assets transferred to a spouse or former spouse under a binding financial agreement, and
- the extension of marriage breakdown CGT rollover relief for certain assets transferred relating to a de facto marriage breakdown where the agreement is similar to a binding financial agreement.

The following new tables have been added to this chapter:

- general capital gains tax discount claimed by individuals and funds for the 2004–05 and 2005–06 income years, Table 7.10
- small business capital gains tax concessions, by type and entity for the 2004–05 and 2005–06 income years, Table 7.11, and
- total small business capital gains tax concession by industry and entity for 2005–06 income year, Table 7.12.

Tables 7.6 to 7.8 have been changed to separately identify the assets class of collectables.

NET CAPITAL GAINS

From the 2004–05 to 2005–06 income years, there was an overall increase of 5.0% in the number of entities with net capital gains, and an increase of 78.6% in the amount of net capital gains. Funds recorded the largest increase in net capital gains (\$11,966 million) and the largest percentage increase of 148.2%.

These increases are a result of more entities realising capital gains that have occurred for all asset classes, especially from the recently strong share market.

Table 7.1: Taxpayers with net capital gains, by entity, 2004–05 and 2005–06 income years

Entity	2004–05 ¹		2005–06 ¹	
	No.	\$m	No.	\$m
Individual				
Taxable ²	974,284	11,852	1,019,615	15,472
Non-taxable	173,644	562	174,166	741
<i>Individual total</i>	<i>1,147,928</i>	<i>12,413</i>	<i>1,193,781</i>	<i>16,213</i>
Company				
Taxable ²	18,657	7,051	18,844	13,468
Non-taxable	7,939	1,001	8,243	1,251
<i>Company total</i>	<i>26,596</i>	<i>8,053</i>	<i>27,087</i>	<i>14,719</i>
Fund				
Taxable ²	75,075	6,797	90,496	17,922
Non-taxable	31,104	1,276	33,064	2,117
<i>Fund total</i>	<i>106,179</i>	<i>8,073</i>	<i>123,560</i>	<i>20,039</i>
Total³	1,280,703	28,539	1,344,428	50,971

1 Data for the 2004–05 and 2005–06 income years includes data processed up to 31 October 2006 and 31 October 2007 respectively.

2 Taxable taxpayers are taxpayers with net tax greater than \$0.

3 Totals may differ from the sum of components due to rounding.

TAX PAYABLE ON NET CAPITAL GAINS

For the 2005–06 income year, an estimated \$11.4 billion in capital gains tax was payable by taxable entities on net capital gains totalling \$46.9 billion. Taxable individuals accounted for 45.0% of tax on 33.0% of net capital gains, while taxable companies accounted for 31.4% of tax on 28.7% of net capital gains, and taxable funds accounted for 23.6% of tax on 38.2% of net capital gains.

When comparing taxable entities with net capital gains to the total population for each entity, only 8.9% of individuals, 2.6% of companies and 31.7% of funds were taxable and had a net capital gain for 2005–06.

Table 7.2: Tax payable on capital gains, by entity, 2005–06 income year

Entity	All taxpayers	Taxable taxpayers with net capital gain ¹	Net capital gains	Tax on net capital gains ²
	No.	No.	\$m	\$m
Individual	11,510,959	1,019,615	15,472	5,140
Company	728,196	18,844	13,468	3,578
Fund	285,784	90,496	17,922	2,694
Total³	12,524,939	1,128,955	46,861	11,412

1 Taxable taxpayers are taxpayers with net tax greater than \$0.
2 The tax payable on net capital gains is estimated (based on entity type and tax rates).
3 Totals may differ from the sum of components due to rounding.

The disposal or sale of an asset is still the most common CGT event. Asset disposal may be related to a range of economic and social factors, as well as to specific events.

Among taxable individuals with net capital gains for 2005–06, 47.7% had a taxable income of between \$21,601 and \$63,000 inclusive. They accounted for 19.4% of total net capital gains and were liable for 10.9% of the tax on net capital gains. Those with a taxable income of \$95,001 or more accounted for 27.4% of the total number of individuals, and accounted for 68.9% of net capital gains and 82.7% of the tax on net capital gains.

Table 7.3: Net capital gains and CGT of taxable individuals, by taxable income, 2005–06 income year

Taxable income	Taxpayers ¹	Net capital gains	Tax on net capital gains
	No.	\$m	\$m
\$6,000 or less	5,039	15	4
\$6,001–\$21,600	129,344	649	48
\$21,601–\$63,000	486,336	3,001	558
\$63,001–\$95,000	119,188	1,140	279
\$95,001 or more	279,708	10,667	4,250
Total²	1,019,615	15,472	5,140

1 Refers to individual taxpayers with net tax payable greater than \$0.
2 Totals may differ from the sum of components due to rounding.

Box 7.1: Entity size, by total income

For the purposes of this chapter:

Loss/nil entities have a total income equal to or less than \$0.

Micro entities have a total income equal to or more than \$1 but less than \$2 million.

Small entities have a total income equal to or more than \$2 million but less than \$10 million.

Medium entities have a total income between \$10 million and \$100 million (inclusive).

Large entities have a total income of more than \$100 million.

Micro companies represented 85.8% of taxable companies with net capital gains for 2005–06, and accounted for 15.1% of the total net capital gains and 17.1% of the total tax payable. Large companies accounted for only 1.1% of the total number of companies, but accounted for 61.0% of the total net capital gains and 56.2% of the total tax payable.

Table 7.4: Net capital gains and CGT of taxable companies¹, by company size, 2005–06 income year

Company size	Companies No.	Net capital gains \$m	Tax on net capital gains \$m
Loss/nil	291	246	74
Micro	16,168	2,035	611
Small	1,627	1,455	435
Medium	547	1,516	448
Large	211	8,216	2,010
Total²	18,844	13,468	3,578

1 Refers to companies with net tax payable greater than \$0.

2 Totals may differ from the sum of components due to rounding.

As with companies, the majority of taxable funds with net capital gains (99.5%) in 2005–06 were in the micro segment. Yet these funds accounted for only 14.2% of total net capital gains and were liable for only 14.2% of the total tax payable on net capital gains. Large funds, which represented less than 0.1% of all funds, accounted for 74.1% of total net capital gains and 73.9% of the total tax payable.

Table 7.5: Net capital gains and CGT of taxable funds¹, by fund size, 2005–06 income year

Fund size	Funds No.	Net capital gains \$m	Tax on net capital gains \$m
Loss/nil	0	0	0
Micro	90,061	2,550	383
Small	166	253	38
Medium	163	1,843	281
Large	106	13,276	1,991
Total²	90,496	17,922	2,694

1 Refers to funds with net tax payable greater than \$0.

2 Totals may differ from the sum of components due to rounding.

TOTAL CAPITAL GAINS

Statistics for total capital gains and capital losses are sourced from the CGT schedule. Only companies and funds with total capital gains of more than \$10,000 are required to complete a CGT schedule. Individuals (including individual partners in a partnership) who lodge a paper return are not required to complete a CGT schedule. Therefore, as not all entities are required to complete a CGT schedule, the following statistics cannot be directly compared to the statistics reported on net capital gains.

For the 2005–06 income year, 618,886 taxable entities (individuals, companies and funds) declared \$86.5 billion in total current year capital gains on their CGT schedules. Entities had to report capital gains from the following sources on the CGT schedule:

- shares and units (in unit trust)
- real estate
- other CGT assets and other CGT events, and
- collectables.

For 2005–06, approximately 61.0% (\$52.8 billion) of total current year capital gains were sourced from shares. Real estate accounted for 16.7% (\$14.4 billion) of total current year capital gains, collectables accounted for 0.1% (\$66 million) of total current year capital gains, while other assets accounted for 22.2% (\$19.2 billion).

For 2004–05 and 2005–06, only 41.4% and 52.3% respectively of taxable individuals with a net capital gain completed a CGT schedule. The value of total capital gains reported by individuals increased by 34.5%. The composition of total capital gains reported by these individuals changed significantly from 2004–05 to 2005–06, with the proportion of capital gains from shares and real estate decreasing by 4.5% and 3.6% respectively, and other assets increasing by 8.1%

Table 7.6: Total current year capital gains of taxable individuals¹, by source, 2004–05 and 2005–06 income years

Source of gains ²	2004–05 ³		2005–06 ³	
	No.	\$m	No.	\$m
Shares	245,433	9,839	300,503	11,807
Real estate	129,720	9,253	138,411	11,300
Other assets ⁴	88,658	4,580	178,315	8,735
Collectables	487	40	925	48
Total⁵	403,014	23,712	533,719	31,890

1 Refers to individual taxpayers with net tax payable greater than \$0 who completed a schedule.

2 Sources include both active and non-active assets.

3 Data for the 2004–05 and 2005–06 income years includes data processed up to 31 October 2006 and 31 October 2007 respectively.

4 Includes other CGT assets and any other CGT events.

5 Components do not add to the total number of taxable individuals claiming total capital gains as individuals may claim capital gains from more than one source. Totals may differ from the sum of components due to rounding.

For the 2004–05 and 2005–06 income years, 76.8% and 82.8% of taxable companies with a net capital gain completed a CGT schedule. These companies reported a 52.8% increase in gains from shares in 2005–06.

Table 7.7: Total current year capital gains of taxable companies¹, by source, 2004–05 and 2005–06 income years

Source of gains ²	2004–05 ³		2005–06 ³	
	No.	\$m	No.	\$m
Shares	8,373	9,514	9,352	14,534
Real estate	3,058	1,694	2,983	2,719
Other assets ⁴	4,655	2,459	5,645	3,041
Collectables	19	1	29	15
Total⁵	14,333	13,668	15,596	20,309

1 Refers to company taxpayers with net tax payable greater than \$0 who completed a schedule.

2 Sources include both active and non-active assets.

3 Data for the 2004–05 and 2005–06 income years includes data processed up to 31 October 2006 and 31 October 2007 respectively.

4 Includes other CGT assets and any other CGT events.

5 Components do not add to the total number of taxable companies claiming total capital gains as companies may claim capital gains from more than one source. Totals may differ from the sum of components due to rounding.

For 2004–05 and 2005–06, 63.3% and 76.9% respectively of funds with a net capital gain completed a CGT schedule. The majority of capital gains for these funds in each year were from share transactions.

Table 7.8: Total current year capital gains of taxable funds¹, by source, 2004–05 and 2005–06 income years

Source of gains ²	2004–05 ³		2005–06 ³	
	No.	\$m	No.	\$m
Shares	43,453	16,327	59,349	26,431
Real estate	2,757	326	3,043	393
Other assets ⁴	9,873	2,968	21,862	7,425
Collectables	96	2	132	3
Total⁵	47,486	19,623	69,571	34,253

1 Refers to fund taxpayers with net tax payable greater than \$0 who completed a schedule.

2 Sources include both active and non-active assets.

3 Data for the 2004–05 and 2005–06 income years includes data processed up to 31 October 2006 and 31 October 2007 respectively.

4 Includes other CGT assets and any other CGT events.

5 Components do not add to the total number of taxable funds claiming total capital gains as funds may claim capital gains from more than one source. Totals may differ from the sum of components due to rounding.

CAPITAL LOSSES

The statistics for total capital gains and capital losses are sourced from CGT schedules. As not all entities are required to complete a CGT schedule, the following statistics cannot be directly compared to the net capital gains statistics reported.

For the 2005–06 income year, 257,887 taxpayers reported current year capital losses of \$20.8 billion. Losses of \$20.4 billion, including losses from before 2005–06, were used to offset 2005–06 capital gains. In total, funds claimed the most losses – 52.5%.

From 2004–05 to 2005–06 the amount of capital losses reported by funds decreased by 1.9%, and there was also a reduction (10.3%) in the amount of capital losses funds applied against current year gains. Individuals and companies had an increase in current year capital losses of 12.8% and 14.7% respectively, as well as an increase in the amount of capital losses being applied against current year gains of 5.2% and 10.5% respectively.

Table 7.9: Capital losses, by entity, 2004–05 and 2005–06 income years

Entity	Current year capital losses		2004–05 ¹ Capital losses applied		Current year capital losses		2005–06 ¹ Capital losses applied	
	No.	\$m	No.	\$m	No.	\$m	No.	\$m
Individual								
Taxable ²	171,455	1,924	183,702	2,154	167,753	2,129	209,095	2,252
Non-taxable	19,412	271	19,103	227	20,964	347	25,551	253
<i>Individual total</i> ³	<i>190,867</i>	<i>2,195</i>	<i>202,805</i>	<i>2,381</i>	<i>188,717</i>	<i>2,476</i>	<i>234,646</i>	<i>2,505</i>
Company								
Taxable ²	5,439	5,317	6,234	5,553	6,231	5,988	6,864	6,424
Non-taxable	3,082	2,569	2,768	957	3,927	3,057	3,281	767
<i>Company total</i> ³	<i>8,521</i>	<i>7,886</i>	<i>9,002</i>	<i>6,510</i>	<i>10,158</i>	<i>9,045</i>	<i>10,145</i>	<i>7,191</i>
Funds								
Taxable ²	30,563	7,019	33,849	10,167	39,342	7,328	43,746	8,529
Non-taxable	18,133	2,465	19,605	3,681	19,670	1,976	21,499	2,176
<i>Fund total</i> ³	<i>48,696</i>	<i>9,483</i>	<i>53,454</i>	<i>13,849</i>	<i>59,012</i>	<i>9,304</i>	<i>65,245</i>	<i>10,705</i>
Total	248,084	19,565	265,261	22,740	257,887	20,825	310,036	20,400

1 Data for the 2004–05 and 2005–06 income years includes data processed up to 31 October 2006 and 31 October 2007 respectively, for those entities that completed a schedule.

2 Taxable taxpayers are taxpayers with net tax greater than \$0.

3 Totals may differ from the sum of components due to rounding.

CAPITAL GAINS DISCOUNT

Individuals and superannuation funds are able to claim the general capital gains tax discount for assets they have held for over 12 months. Individuals get a 50% discount where superannuation funds get a 33% discount.

For the 2005–06 income year there has been an increase of 36.3% of individuals claiming the discount, with an increase of 33.5% in the amount claimed. For funds, there has been an increase of 51.2% claiming the discount with an increase in the amount claimed of 61.1%.

Table 7.10: General capital gains tax discount, by entity, 2004–05 and 2005–06 income years

Entity	2004–05 ¹		2005–06 ¹	
	No.	\$m	No.	\$m
Individuals	362,650	10,732	494,409	14,329
Funds	49,226	3,437	74,443	8,500
Total	411,876	14,169	568,852	22,829

¹ Data for the 2004–05 and 2005–06 income years includes data processed up to 31 October 2006 and 31 October 2007 respectively, for those entities that completed a schedule.

SMALL BUSINESS CAPITAL GAINS TAX CONCESSIONS

Small businesses that meet certain conditions are entitled to various capital gains tax concessions when they sell their small business (or assets from it). These concessions are claimed by taxpayers by way of the capital gains tax schedule.

For the 2005–06 income year, 22,109 individuals claimed small business capital gains tax concessions to the value of \$1.5 billion, an increase of 30.5% from 2004–05. Most individuals claiming these concessions (92.0%) claimed the small business active assets reduction. The small business 15 year exemption was the least claimed concession, but had the highest average amount per claimant of \$227,712.

Table 7.11: Small business capital gains tax concessions, by entity, 2004–05 and 2005–06 income years

Concession	2004–05 ¹				2005–06 ¹			
	Individuals		Companies		Individuals		Companies	
	No.	\$m	No.	\$m	No.	\$m	No.	\$m
Small business 15 year exemption	324	53	105	63	483	110	135	57
Small business active asset reduction	19,049	618	2,536	294	20,339	766	2,649	347
Small business retirement exemption	5,978	296	696	157	6,824	408	802	191
Small business rollover	3,804	196	511	88	4,161	247	533	103
Total²	20,488	1,164	3,127	592	22,109	1,530	3,328	697

¹ Data for the 2004–05 and 2005–06 income years includes data processed up to 31 October 2006 and 31 October 2007 respectively, for those entities that completed a schedule.

² Totals may differ from the sum of components due to rounding.

For the individuals' small businesses where the industry classification is known, the financial and insurance services industry had the most claimants for these concessions, followed by the agricultural, forestry and fishing industry.

Table 7.12: Total small business capital gains tax concessions, by industry¹, 2005–06 income year

Industry ¹	2005–06 ²			
	Individuals		Companies	
	No.	\$m	No.	\$m
Agriculture, forestry and fishing	1,818	207	101	34
Mining	16	2	14	4
Manufacturing	217	8	257	63
Electricity, gas, water and waste services ³	19	..	24	7
Construction	506	23	213	48
Wholesale trade	148	7	223	47
Retail trade	822	77	472	85
Accommodation and food services	539	26	413	88
Transport, postal and warehousing	429	16	210	39
Information media and telecommunications	26	1	29	9
Financial and insurance services	4,155	301	238	56
Rental, hiring and real estate services	749	88	368	78
Professional, scientific and technical services	653	46	241	43
Administrative and support services	328	8	87	16
Public administration and safety	16	1	23	2
Education and training	109	3	27	7
Health care and social assistance	439	33	143	33
Arts and recreation services	137	10	33	9
Other services	563	13	187	21
Other/not stated	5,646	401	25	9
No ANZSIC	4,774	258		
Total⁴	22,109	1,530	3,328	697

1 Industry groups are based on the Australian and New Zealand Industrial Classification (ANZSIC) 2006 code.

2 Data for the 2005–06 income year includes data processed up to 31 October 2007, for those entities that completed a schedule.

3 '..' means rounded to zero, but not zero.

4 Totals may differ from the sum of components due to rounding.

SOURCE OF CAPITAL GAINS TAX STATISTICS

Statistics in this chapter are sourced from 2005 and 2006 income tax returns for individuals, companies, trusts and funds, and from 2005 and 2006 CGT schedules completed by individual, company and fund taxpayers, processed by 31 October 2006 and 31 October 2007 respectively.

The statistics reported are not necessarily complete as the proportion of tax returns processed by 31 October each year can vary. We recommend that you exercise caution in comparing the statistics for the current year and previous years. As not all personal, company and fund taxpayers have to complete CGT schedules, the statistics sourced from the schedules do not represent all personal, company and fund taxpayers.

Statistics reported in the detailed tables for companies and funds have been updated for the 1996–97 to 2004–05 income years to include returns processed by 31 October 2007. Statistics reported in the detailed tables for individuals have been updated for the 2000–01 to 2004–05 income years to include returns processed by 31 October 2007. These statistics cannot be compared to previous editions of *Taxation Statistics*.

A copy of the CGT schedule is in the appendix. It may be viewed or downloaded in as a PDF file from the attached CD-ROM or from the online version of *Taxation statistics* on the Tax Office website at www.ato.gov.au

LIST OF CAPITAL GAINS TAX DETAILED TABLES


The following CGT detailed tables are on the attached CD-ROM and included in the online version of this publication on the Tax Office website. The tables may be viewed or downloaded as PDF or Excel files.

Table 1: Net capital gains subject to tax, 1996–97 to 2005–06 income years

This table shows the number of taxable entities with net capital gains, the amount of their net capital gains and the estimated tax payable on these net capital gains (CGT), for income years 1995–96 to 2005–06.

Table 2: Net capital gains subject to tax, by entity and taxable income, 2005–06 income year

This table shows the number of individual, company and fund taxpayers with capital gains; the total number of individual, company and fund taxpayers (or total number of returns lodged by these entities); the proportion of taxpayers with capital gains to the total number of taxpayers; the net capital gains of these entities and the estimated tax payable (CGT) on these net capital gains. These items are ranged by taxable income.

 To meet privacy regulations, statistics for some items may not be included in the table.