



Avoid these common CGT errors

Use these tips to get your clients' capital gains tax (CGT) right the first time.

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We're seeing mistakes by agents when clients have sold capital gains tax assets such as property.

Foreign resident capital gains withholding

Let your clients know that having a Foreign resident capital gains withholding (FRCGW) clearance certificate doesn't mean they don't have any further CGT obligations. If they've sold property, they still need to include capital gains, losses or an exemption or rollover code in their tax return.

If an amount of FRCGW was withheld from the property sale:

- your clients need to advise you and provide the **FRCGW payment confirmation** from the purchaser
- for the withheld amount to be credited in their return, include it in the CGT section at '**Foreign resident capital gains withholding**' (Label 18 X).

Don't report the Foreign income tax offset (FITO) at the FRCGW question. Report it at *Foreign source income* (Label 20 O).

Main residence exemption and rollovers

For property sales resulting in a CGT obligation, as well as including any capital gain or loss, remember to report the main residence exemption if your clients are eligible.

If your client is:

- eligible for a main residence exemption due to the 6-year rule and is electing to use it for a full or partial exemption, select the main residence exemption code at the exemption and rollovers question in the CGT section
- eligible for a partial exemption due to their home being on more than 2 hectares of land, select the main residence exemption code in the exemptions and rollover question
- a foreign resident, they must meet the **life events test** to be eligible for the main residence exemption, otherwise they're not eligible.

For more scenarios around main residence exemption, refer to the **Capital gains tax and main residence exemption** fact sheet in the Investors toolkit.

Tips

Remember to:

- check the pre-fill information available in online services for agents (OSFA) reports for disposals of capital gains assets, including property, shares and crypto
- have a conversation with your clients; even if there's no pre-fill information, **ask** if they have disposed of any CGT assets, in particular investment properties.

For help completing CGT in your clients' tax returns, see **CGT 2024 – Instructions for completing tax returns**.

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