



## Capital gains don't need to cause strains

The ATO reminds taxpayers to consider CGT when you own investments like a rental property, shares and crypto assets.

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The Australian Taxation Office (ATO) is reminding taxpayers to consider capital gains tax (CGT) when you own investments like a rental property, shares and crypto assets.

ATO Assistant Commissioner Tim Loh said the ATO is seeing mistakes made where people are incorrectly claiming the full **main residence exemption** when selling their home.

'Generally, your main residence (your home) is exempt from CGT, but if you've used it to produce income, such as renting out all or part of it, including through the sharing economy, like through Airbnb or Stayz, or running a business from home, then you may have to pay CGT.'

'CGT isn't a separate tax, it's part of income tax and any capital gains you declare will be taxed at your marginal income tax rate, so it's important to understand your obligations when it comes to declaring a loss or gain,' Mr Loh said.

CGT comes into effect when you dispose of assets such as shares, crypto, managed investments or properties.

To ensure you are meeting your obligations and paying the right amount of tax, you need to first calculate a capital gain or capital loss for each asset you dispose of, then reduce your total capital gains with any capital losses, before applying any eligible discounts or exemptions.

'If you're an Australian resident for tax purposes and you've kept your asset for 12 months or more before disposing of it, you can reduce your capital gain by 50%.'

'If you jointly owned an asset, remember to apportion your gain or loss based on your ownership percentage,' Mr Loh said.

The ATO is also reminding taxpayers of the importance of keeping good records in relation to their property ownership, in particular the income-producing period and the portion of the property used to produce income, to calculate your capital gain.

'Records are key, and will help you calculate the correct capital gain to ensure you are meeting your obligations,' Mr Loh said.

The ATO has access to a range of data from external sources, with more than 600 million transactions reported to us annually. The ATO receives data from state and territory property titles offices and revenue agencies, crypto asset exchanges and share registries.

'If you think you can slide under the radar and avoid reporting a capital gain, think again,' Mr Loh said.

It's important to also include capital losses on your tax return – by including losses in the year they occur, they can be used to reduce capital gains in the current or future years. But, you can't offset capital losses against other income like salary or wages.'

'CGT can get complicated, so it's important to understand your obligations so you get it right on the first go. You may wish to engage a registered tax agent to assist you with your affairs. We also have some great resources on our website,' Mr Loh said.

## **Notes to journalists**

- ATO file footage is available for use in news bulletins from our media centre.
- A headshot of ATO Assistant Commissioner Tim Loh is available for download from our media centre.

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