



Australian Government
Australian Taxation Office

Capital gains tax on sale of shares or units



Check how capital gains tax (CGT) applies to the sale or disposal of shares or units.

Disposing of shares or units

When you sell or dispose of shares or units in a company or trust, including units in an [exchange traded fund](#) (ETF), you may make a capital gain or capital loss. This will depend on when you bought or acquired the shares or units.

If you bought the shares or units:

- **before 20 September 1985** – you are exempt from CGT, because CGT came into effect from 20 September 1985
- **on or after 20 September 1985** – you may make a capital gain or capital loss when you dispose of the shares or units.

Calculating CGT on the sale of your shares or units

A capital gain or loss is the difference between your:

- cost base
- capital proceeds.

Cost base

When buying or selling shares or units you need to work out your cost base. The elements of the cost base relating to shares or units are generally:

- what you paid for your shares or units
- certain incidental costs of buying and selling the shares or units, such as
 - brokerage or agent fees
 - legal fees
 - investment adviser's fees (but not investment seminar costs)

- the costs of owning the shares or units, such as interest on monies borrowed to acquire the asset (however, generally this won't apply to shares or units because you will usually have claimed or be entitled to claim these costs as a tax deduction)
- capital costs of preserving or defending your title or rights to your shares or units.

Capital proceeds

This is the amount you receive, or the market value of what you should have received, when you dispose of your shares or units.

Share and unit parcels

A parcel is a group of shares or units you buy in one transaction.

You can buy multiple parcels in the same company or fund at different times.

All your parcels added together make up your total holding. For example, if you buy 2 parcels of 500 AZY shares, you hold 1,000 AZY shares in total.

Parcel selection methods

As shares and units are identical to each other (fungible), you need a method to decide which parcel you're selling for CGT purposes.

The 3 common methods are:

- FIFO (first-in, first-out) – you sell the oldest parcel first
- LIFO (last-in, first-out) – you sell the newest parcel first
- HIFO (highest-in, first-out) or HCFO (highest-cost, first-out) – you sell the most expensive parcel first.

You can choose a different method each time you sell, as long as it is clear and consistent for that sale. Most people use FIFO because it's the easiest to keep track of.

Capital losses

It is important to report all capital losses in your tax return, so they carry forward and can be applied against future capital gains.

You can only claim a loss for shares or units you have disposed of. You can't claim a 'paper loss' on investments you continue to hold even though they may have decreased in value.

Example: capital loss

On 10 November 2025, Trevor purchased a parcel of 18,000 shares in XYZ at \$3.60 per share.

Trevor was charged \$50 brokerage for the purchase transaction.

A few months later, Trevor's circumstances changed and he decided to sell his shares, even though the current price of the shares was lower than when he purchased them.

On 6 March 2026 Trevor sold all his 18,000 XYZ shares for a price of \$2.70 per share and his capital proceeds from the sale of the shares were \$48,600. He was charged \$40 brokerage for the sale transaction.

The reduced cost base of the shares was \$64,890 ($18,000 \times \3.60 price per share + \$90 brokerage).

Trevor has made a total capital loss of \$16,290 on the sale of his XYZ shares ($\$48,600 - \$64,890$).

Trevor can't offset his capital loss against his income earned from salary and wages in his tax return. However, the capital loss can be carried forward indefinitely to offset against future capital gains.

Trevor reported the sale of his XYZ shares in his 2026 tax return by recording a \$16,290 capital loss.

If you make a capital loss from the sale of your shares or units, the loss:

- can only reduce capital gains
- can be carried forward indefinitely to reduce future capital gains
- can't reduce your other income such as salary and wages
- can't be converted to revenue losses in future years, even if you haven't been able to reduce it against a capital gain.

You can also make a capital loss on your shareholding when an administrator or liquidator makes a written declaration that a company's shares are worthless.

Working out your net capital gain

There are 3 methods for working out your net capital gain. If you are eligible for more than one of the calculation methods, you can choose the method that gives you the best result. This is the method that gives you the smallest capital gain.

The 3 methods are:

- Discount method – Australian resident individuals who held the asset was held for 12 months or more before the CGT event can reduce the capital gain by 50%
- Indexation method – you increase the cost base by applying an indexation factor based on the consumer price index (CPI). This method is only available for assets bought before 21 September 1999 and held for 12 months or more before the relevant CGT event.
- The 'other' method – you subtract the cost base from the capital proceeds if the asset was owned for less than 12 months. In this case, the indexation and discount methods don't apply.

To help you work out your calculation, use the

[Capital gains tax record keeping tool](#).

Example: capital gain

On 6 November 1997, Ellie bought a parcel of 10,000 shares in AZY at \$2.50 per share.

Ellie was charged \$50 brokerage for the purchase transaction.

On 14 October 2025, Ellie decided to sell all her AZY shares due to their excellent price of \$6.40 per share. Ellie sold 10,000 shares at \$6.40 per share and her capital proceeds from the sale were \$64,000. She was charged \$30 brokerage for the sale transaction.

The cost base of the shares was \$25,080 ($10,000 \times \2.50 per share + \$80 brokerage).

Ellie made a total capital gain of \$38,920 on the sale of her AZY shares (\$64,000 – \$25,080).

As Ellie held her shares for more than 12 months prior to the CGT event, she was able to apply the discount method and reduce her total capital gain by 50%.

Ellie reported the sale of her AZY shares in her 2026 tax return by recording a:

- \$38,920 total current year capital gain
- \$19,460 net capital gain.

Timing of a CGT event

The timing of a CGT event is important because it determines the income year you report your capital gain or capital loss in. For example, if:

- you sell or dispose of the shares or units, the CGT event happens when you enter the contract of sale
- there's no contract, the CGT event happens when you sell or stop being the owner of the shares or units
- you receive a distribution of a capital gain from a managed fund, you make the capital gain in the income year shown on your statement from the managed fund.

Disposing of shares or units

You can dispose of your shares or units:

- by selling them
- by giving them away
- by transferring them to a spouse due to a breakdown in your relationship
- through share buy-backs
- through [mergers, takeovers and demergers](#)
- because the company goes into liquidation.

Disposal of shares or units includes the sale, exchange or gifting of all or part of a share or unit. Before selling your shares or units, ensure you identify the correct date of disposal. If you:

- dispose of shares or units you received as a gift, you must use the market value on the day that you received them. Use the market value as the first element of your cost base when working out your capital gain or loss.
- give shares or units as a gift, treat them as if you disposed of them at their market value on the date you gave this gift. This means a CGT event has occurred. You must include any capital gain or capital loss in your tax return for the income year you gave them away.

Scrip for scrip rollovers

Scrip for scrip rollover relief enables a shareholder to disregard a capital gain made from a share or unit that is disposed of as part of a corporate take-over or merger where the shareholder receives a replacement share or unit in exchange. However, scrip for scrip rollover is only available when the original and replacement interests being exchanged are of the same type. If you are eligible for the rollover, make sure you include the scrip for scrip rollover in the CGT section of your tax return when you lodge.

Disposing of inherited shares or units

When you sell shares or units you inherit, the normal rules for calculating CGT apply.

Depending on the circumstances, the cost base and acquisition date may be based on either:

- when the deceased acquired it
- when they died.

If the deceased acquired the asset:

- before 20 September 1985
 - you are taken to have owned it since the deceased died
 - your cost base is the market value of the asset on the day the deceased died, plus any other elements of their cost base
- on or after 20 September 1985
 - you are taken to have owned it since the deceased acquired the asset
 - your cost base is the deceased's cost base for the asset on the day they died.

Records are generally required to be held for at least 5 years after the disposal of the shares or units (or year in which you declare a capital gain). If you make a capital loss, once you've offset the carried forward loss against a capital gain, you should keep your records for a further 2 years.

Record keeping

You need to keep records of all your transactions associated with acquiring, holding and disposing of your shares or units.

See table below for examples of records to keep.

Records you need to keep

Action	Records to keep
Buying (acquiring) shares or units	• receipts of purchase showing price, date and volume • interest on money you borrowed relating to the asset • accountant and legal costs • brokerage fees on purchase
Owning (holding) shares or units	• costs of managing your tax affairs • dividend statements • records of corporate actions for example splits, consolidations, bonus issues, takeovers, and capital returns
Selling (disposing) shares or unit	• receipts of sale or transfer showing price, date and volume • brokerage fees on the sale or transfer • calculation of capital gain or loss

Accessing pre-filled data

You and your registered tax agent can access third party data that we hold for shares and unit transactions through ATO online services.

To download your data:

1. Log into [myGov](#).
2. Go to **Australian Taxation Office** under linked services, then select
 - **Tax**
 - **Manage**
 - **Shares and unit records.**
3. Choose the time period from the drop-down menu or enter the relevant dates.
4. Select **Search**.
5. Select the relevant check boxes for the securities you wish to download.
6. Select **Download**.

Downloads available in our online services contain data records reported to us in a standardised form. These records are made available to help you comply with your tax obligations relating to shares or unit holdings.

Don't rely entirely on pre-fill data. You must review your own records to verify that the information is complete and correct.

Foreign and temporary residents

Foreign and temporary residents are only subject to CGT if a CGT event happens to a CGT asset that is taxable Australian property.

For more information, see [Foreign residents and capital gains tax](#).

Always keep your details updated

Ensure your broker always has your correct personal details, such as full name, date of birth and tax file number (TFN). This helps you because:

- your dividends won't be subject to the 47% no TFN withholding tax
- we can pre-fill more of your information for tax time.

If you bought shares or units on behalf of your self-managed super fund (SMSF), make sure your broker set up your account using the super fund's details. Otherwise, the shares or units may be incorrectly matched to you as an individual.

This is a general summary only.

For more information, see:

- [ato.gov.au/shares](#)
- [ato.gov.au/ETF](#)
- Or speak to a registered tax professional.

