

OVERVIEW

For the 2010–11 income year:

- net capital gains were reported by 557,016 individuals, 15,037 companies and 60,739 funds
- net capital gains totalled \$22.3 billion, a 9.9% increase from 2009–10
- capital gains tax payable on the net capital gains of taxable individuals, companies and funds was estimated to be \$5.4 billion, a 7.1% increase from 2009–10
- approximately 59.3% (\$32.7 billion) of total current year capital gains were sourced from shares.

INTRODUCTION

Capital gains tax (CGT) is the tax payable on any net capital gain included with other assessable income on an entity's (individual, company, fund and trust) tax returns – respective rates of tax then apply to a net capital gain.

This chapter provides CGT information on individuals, companies and funds, as reported on their tax returns and CGT schedules. Because it is generally trust beneficiaries who are subject to the tax on any capital gain, no CGT information is included for trusts in this chapter.

A capital gain or loss arises if a CGT event occurs, with the most common CGT event being the sale of an asset, such as real estate or shares. A net capital gain is the total of capital gains made by a taxpayer for an income year, reduced by:

- the taxpayer's total capital losses for the income year and any unapplied net capital losses from previous years
- 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.

NET CAPITAL GAINS

In the 2010–11 income year, the total number of entities reporting net capital gains increased by 2.3%, and the value of reported net capital gains increased by 9.9%.

TABLE 7.1: Taxpayers with net capital gains, by entity type, 2009–10 and 2010–11 income years

Entity	2009–10 ¹		2010–11 ¹	
	No.	\$m	No.	\$m
Individual				
Taxable ²	425,369	10,349	441,389	11,052
Non-taxable	116,529	630	115,627	567
Individual total³	541,898	10,979	557,016	11,619
Company				
Taxable ²	9,190	6,047	9,301	6,360
Non-taxable	5,984	1,121	5,736	1,793
Company total³	15,174	7,169	15,037	8,153
Fund				
Taxable ²	34,756	1,284	33,418	1,423
Non-taxable	26,435	872	27,321	1,113
Fund total³	61,191	2,156	60,739	2,536
Total³	618,263	20,303	632,792	22,309

1 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

2 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

Under Australia's tax system, a net capital gain is added to the taxpayer's other assessable income and taxed at the applicable tax rate for that taxpayer. The tax on capital gains reported in this chapter is an estimate of the tax required to be paid, based on using an average tax rate approach.

BOX 7.1: Estimating tax on net capital gains

Tax on capital gains is estimated as:

	Net tax ¹
divided by	Taxable income
<i>gives</i>	<i>Average tax rate</i>
multiplied by	Net capital gain
<i>gives</i>	<i>Estimated tax on net capital gains</i>

¹ Net tax as defined in boxes 2.1, 3.2 and 4.2 for individuals, companies and super funds respectively. Only for entities with net tax greater than \$0 is tax on capital gains estimated.

For the 2010–11 income year, an estimated \$5.4 billion in CGT was payable by taxable entities on net capital gains totalling \$18.8 billion. When comparing taxable entities with net capital gains to the total population for each entity type, only 3.5% of individuals, 1.2% of companies, and 8.5% of funds were taxable and had a net capital gain for 2010–11.

TABLE 7.2: Tax payable on capital gains, by entity type, 2010–11 income year¹

Entity type	All taxpayers No.	Taxable taxpayers with net capital gain ² No.	Net capital gains \$m	Estimated tax on net capital gains \$m
Individual	12,637,623	441,389	11,052	3,646
Company	788,983	9,301	6,360	1,600
Fund	395,262	33,418	1,423	168
Total³	13,821,868	484,108	18,836	5,414

¹ Data for the 2010–11 income year includes data processed up to 31 October 2012.

² Taxpayers with net tax greater than \$0.

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

Among taxable individuals with net capital gains for 2010–11, only 9.3% had a taxable income of over \$180,000, yet they accounted for 54.6% of net capital gains and 69.6% of the estimated tax on net capital gains.

TABLE 7.3: Net capital gains and CGT of taxable individuals, by taxable income, 2010–11 income year¹

Taxable income	Individuals² No.	Net capital gains \$m	Estimated tax on net capital gains \$m
\$6,000 or less	959	4	1
\$6,001 – \$37,000	88,742	627	45
\$37,001 – \$80,000	183,344	1,723	319
\$80,001 – \$180,000	127,108	2,666	744
\$180,001 or more	41,236	6,032	2,537
Total³	441,389	11,052	3,646

¹ Data for the 2010–11 income year includes data processed up to 31 October 2012.

² Individual taxpayers with net tax payable greater than \$0.

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

BOX 7.2: 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 equal to or more than \$10 million, but less than \$100 million.

Large entities have a total income equal to or more than \$100 million, but less than \$250 million.

Very large entities have a total income equal to or more than \$250 million.

Micro companies represented 83.0% of taxable companies with net capital gains for 2010–11, but accounted for only 20.1% of total net capital gains and were liable for only 22.6% of the total estimated tax payable on net capital gains.

TABLE 7.4: Net capital gains and CGT of taxable companies, by company size, 2010–11 income year¹

Company size	Companies² No.	Net capital gains \$m	Estimated tax on net capital gains \$m
Loss/nil	186	96	19
Micro	7,723	1,282	361
Small	929	591	156
Medium	329	806	214
Large	42	446	131
Very large	92	3,140	718
Total³	9,301	6,360	1,600

1 Data for the 2010–11 income year includes data processed up to 31 October 2012.

2 Companies with net tax payable greater than \$0.

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

In the 2010–11 income year, the vast majority (99.7%) of taxable funds with net capital gains were in the micro segment. These funds accounted for 75.2% of total net capital gains and were liable for 73.9% of the total estimated tax payable on net capital gains.

TABLE 7.5: Net capital gains and CGT of taxable funds, by fund size, 2010–11 income year¹

Fund size	Funds² No.	Net capital gains \$m	Estimated tax on net capital gains \$m
Loss/nil	0	0	0
Micro	33,308	1,070	124
Small	95	224	28
Medium	10	67	7
Large/Very large	5	62	8
Total³	33,418	1,423	168

1 Data for the 2010–11 income year includes data processed up to 31 October 2012.

2 Funds with net tax payable greater than \$0.

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

TOTAL CAPITAL GAINS

Statistics for total capital gains and losses are sourced from the CGT schedules. Companies and funds with total current year capital gains or total current year capital losses of more than \$10,000 are required to complete a schedule. Individuals (including individual partners in a partnership) who lodge a paper return are not required to complete one. 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 2010–11 income year, 379,349 taxable entities (individuals, companies and funds) declared \$55.1 billion in total current year capital gains on their CGT schedules, an increase of 9.1% from 2009–10. Approximately 59.3% (\$32.7 billion) of total current year capital gains were sourced from shares.

The value of total capital gains reported in the CGT schedule by taxable individuals increased by 8.3% in 2010–11.

TABLE 7.6: Total current year capital gains of taxable individuals¹, by source, 2009–10 and 2010–11 income years

Source of gains ²	2009–10 ³		2010–11 ³	
	No.	\$m	No.	\$m
Shares	180,698	7,925	213,890	9,860
Real estate	114,116	10,992	94,785	9,650
Other assets ⁴	44,658	4,362	45,050	5,698
Collectables	314	14	353	15
Forestry managed investment scheme interest	95	3	53	3
Hedging financial arrangements	n.a.	n.a.	35	1
Total⁵	314,381	23,296	329,723	25,227

1 Individual taxpayers with net tax payable greater than \$0 who completed a CGT schedule.

2 Sources include both active and non-active assets.

3 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 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 the components due to rounding.

The value of total capital gains reported in the CGT schedule by taxable companies increased by 39.3% in 2010–11 while the number of companies with capital gains increased by 5.7%.

TABLE 7.7: Total current year capital gains of taxable companies¹, by source, 2009–10 and 2010–11 income years

Source of gains ²	2009–10 ³		2010–11 ³	
	No.	\$m	No.	\$m
Shares	5,123	4,782	5,630	6,883
Other assets ⁴	2,797	2,046	3,013	2,634
Real estate	2,110	1,578	1,900	1,453
Forestry managed investment scheme interest	7	2	6	728
Hedging financial arrangements	n.a.	n.a.	12	15
Collectables ⁵	16	2	10	..
Total⁶	9,267	8,410	9,793	11,712

1 Company taxpayers with net tax payable greater than \$0 who completed a CGT schedule.

2 Sources include both active and non-active assets.

3 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

4 Includes other CGT assets and any other CGT events.

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

6 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 the components due to rounding.

The value of total capital gains reported in the CGT schedule by taxable funds decreased by 3.3% in 2010–11, driven by a decrease in capital gains from shares of \$1.6 billion.

TABLE 7.8: Total current year capital gains of taxable funds¹, by source, 2009–10 and 2010–11 income years

Source of gains ²	2009–10 ³		2010–11 ³	
	No.	\$m	No.	\$m
Shares	39,536	17,510	36,669	15,924
Other assets ⁴	6,308	857	4,869	1,882
Real estate	2,253	405	1,867	347
Collectables	72	2	75	3
Forestry managed investment scheme interest ⁵	32	2	8	..
Hedging financial arrangements ⁵	n.a.	n.a.	5	..
Total⁶	43,306	18,775	39,833	18,155

1 Fund taxpayers with net tax payable greater than \$0 who completed a CGT schedule.

2 Sources include both active and non-active assets.

3 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

4 Includes other CGT assets and any other CGT events.

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

6 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 the components due to rounding.

CAPITAL LOSSES

For the 2010–11 income year, 330,320 entities reported current year capital losses of \$42.1 billion. Capital losses applied of \$27.2 billion, including losses from before 2010–11, were used to offset 2010–11 capital gains. Funds claimed the majority (71.0%) of the capital losses applied.

TABLE 7.9: Capital losses, by entity type, 2009–10 and 2010–11 income years

Entity	Current year capital losses		2009–10 ¹ Capital losses applied		Current year capital losses		2010–11 ¹ Capital losses applied	
	No.	\$m	No.	\$m	No.	\$m	No.	\$m
Individual								
Taxable ²	158,428	3,547	149,068	2,559	175,039	3,667	165,862	2,742
Non-taxable	46,736	964	39,729	517	47,422	889	40,115	467
Individual total³	205,164	4,511	188,797	3,075	222,461	4,556	205,977	3,209
Company								
Taxable ²	4,994	4,437	4,438	2,383	5,300	6,429	4,921	3,615
Non-taxable	4,633	7,302	3,175	1,148	4,729	5,924	3,190	1,070
Company total³	9,627	11,738	7,613	3,530	10,029	12,353	8,111	4,685
Funds								
Taxable ²	39,652	24,246	29,083	15,920	35,056	19,765	33,557	16,288
Non-taxable	51,677	4,544	41,960	1,442	62,774	5,401	58,527	2,998
Fund total³	91,329	28,790	71,043	17,362	97,830	25,166	92,084	19,286
TOTAL³	306,120	45,040	267,453	23,968	330,320	42,076	306,172	27,180

1 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively, for those entities that completed a CGT schedule.

2 Taxpayers with net tax greater than \$0.

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

CAPITAL GAINS DISCOUNT

After applying capital losses to total capital gains, individuals and complying super funds are able to claim the general CGT discount for assets they have held for at least 12 months. Individuals get a 50% discount and complying super funds get a 33⅓% discount.

For the 2010–11 income year, the total amount of CGT discount claimed by individuals and funds increased by 8.6% to \$12.5 billion.

TABLE 7.10: General capital gains tax discount, by entity type, 2009–10 and 2010–11 income years

Entity	No.	2009–10 ¹		2010–11 ¹	
			\$m	No.	\$m
Individuals	257,164	10,782	267,822	11,589	
Funds	25,097	690	28,272	868	
Total	282,261	11,472	296,094	12,457	

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively, for those entities that completed a schedule.

SMALL BUSINESS CGT CONCESSIONS

Small businesses that meet certain conditions are entitled to various concessions on CGT events such as when they sell their small business (or assets from it). Use of these concessions is reported on the CGT schedule. For the 2010–11 income year, 18,990 individuals claimed small business CGT concessions to the value of \$1,943 million, a decrease of 1.4% from 2009–10.

TABLE 7.11: Small business capital gains tax concessions, by entity type, 2009–10 and 2010–11 income years

Concession	Individuals		Companies		2009–10 ¹		2010–11 ¹	
	No.	\$m	No.	\$m	No.	\$m	No.	\$m
Small business 15 year exemption	656	240	156	87	752	266	224	161
Small business active asset reduction	17,659	884	1,890	275	16,704	849	1,934	264
Small business retirement exemption	7,555	561	812	220	7,699	582	907	247
Small business rollover	3,326	286	386	84	3,029	246	405	95
Total²	19,755	1,971	2,566	667	18,990	1,943	2,774	767

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively, for those entities that completed a CGT schedule.

² Components do not add up to the total number of individuals and companies as individuals and companies may claim more than one small business CGT concession. Totals may differ from the sum of the components due to rounding.

SOURCE OF CGT STATISTICS

Statistics in this chapter are sourced from 2010 and 2011 income tax returns for individuals, companies and funds, and from 2010 and 2011 CGT schedules completed by individual, company and fund taxpayers, processed by 31 October 2011 and 31 October 2012 respectively. The statistics are not necessarily complete as not all tax returns and CGT schedules are processed by 31 October each year.

As not all individual, company and fund taxpayers have to complete CGT schedules; the statistics sourced from the schedules do not represent all individual, company and fund taxpayers. Statistics such as total capital gains and losses, therefore, cannot be directly compared to the net capital gains statistics reported in this chapter.

The statistics in the detailed tables for companies and funds have all been updated for the 1989–90 to 2010–11 income years to include returns processed by 31 October 2012 (where possible). Statistics reported in the detailed tables for individuals have been updated for the 2006–07 to 2010–11 income years to include returns processed by 31 October 2012. We recommend that you exercise caution in comparing the statistics for the current year and previous years.

A copy of the CGT schedule is in the appendix – you can view or download it in PDF file format from the attached CD-ROM, or from the online version of *Taxation statistics* on our website at ato.gov.au.

CGT CHAPTER TABLES

The CGT chapter tables are on the attached CD-ROM and included in the online version of this publication on our website – you can view or download all the chapter tables in Excel.

LIST OF CGT DETAILED TABLES

The following CGT detailed tables are on the attached CD-ROM and included in the online version of this publication on our website. You can view or download all the detailed tables as PDF or Excel files.

Table 1: Net capital gains subject to tax, 1989–90 to 2010–11 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.

Table 2: Net capital gains subject to tax, by entity type and taxable income, 2010–11 income year

This table shows the number of individual, company and fund taxpayers with capital gains; the net capital gains of these entities and the estimated tax payable on these net capital gains. These items are broken down by taxable income.

Table 3: Small business capital gains tax concessions, by entity type, 2000–01 to 2010–11 income years

This table shows the number of individuals and companies that have claimed any of the small business capital gains tax concessions, for multiple income years.

Table 4: Net capital gains, by entity type, by range of net capital gain, 1996–97 to 2010–11 income years

This table shows the number of individuals, companies and funds that had a net capital gain, broken down by the size of their net capital gain, for multiple income years.

Table 5: Net capital gains, by age, sex, taxable status and taxable income of individuals, 2010–11 income year

This table shows the number of individuals and the net capital gains, broken down by the age, sex, taxable status and taxable income of individuals.

Table 6: Capital gains and small business concessions, by entity type for the 2000–01 to 2010–11 income years

This table shows the number and value of individual, company and fund capital gains and small business concessions calculated by the discount, indexation or other methods together with capital losses applied for multiple income years.