



Taxes, National Insurance and Stamp Taxes

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Capital Gains Tax rates and annual tax-free allowances

Each tax year nearly everyone who is liable to Capital Gains Tax gets an annual tax-free allowance - known as the 'Annual Exempt Amount'. You only pay Capital Gains Tax if your overall gains for the tax year (after deducting any losses and applying any reliefs) are above this amount.

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Tax-free allowances for Capital Gains Tax

The annual tax-free allowance (known as the Annual Exempt Amount) allows you to make a certain amount of gains each year before you have to pay tax.

Nearly everyone who is liable to Capital Gains Tax gets this tax-free allowance.

There's one Annual Exempt Amount for:

- most individuals who live in the UK
- executors or personal representatives of a deceased person's estate
- trustees for disabled people

Most other trustees get a lower Annual Exempt Amount.

Annual Exempt Amounts

Customer group	2009-10	2010-11	2011-12
Individuals, personal representatives and trustees for disabled people	£10,100	£10,100	£10,600
Other trustees	£5,050	£5,050	£5,300

Executors and personal representatives

If you're acting as an executor or personal representative for a deceased person's estate, you may get the full Annual Exempt Amount during the 'administration period'. The administration period is usually the time it takes to settle the deceased person's affairs and get a grant of probate (or confirmation in Scotland).

You're entitled to the Annual Exempt Amount for the tax year in which the death occurred and the following two tax years. After that there's no tax-free allowance against gains during the administration period.

[Find out more about death, inheritance and Capital Gains Tax](#)

Trustees for disabled people

If you're acting as a trustee for a disabled person you use the higher Annual Exempt Amount above - and not the rate for 'other trustees'.

A disabled person in this context is a person who has mental health problems or receives the middle or higher rate of Attendance

Allowance or Disability Living Allowance.

People who are 'non-domiciled' in the UK

You won't get the Annual Exempt Amount if you're 'non-domiciled' in the UK and you've claimed the 'remittance basis' of taxation on your foreign income and gains.

You may be 'non-domiciled' in the UK, for example, if you were born in another country and intend to return there.

You may have claimed the 'remittance basis' if you have income and gains from abroad and have decided that it's beneficial to be taxed on the foreign income and gains that you bring into the UK, rather than on all income and gains that arise.

Issues of domicile and tax on foreign gains are complicated. A lot depends on the facts of each case. You can find out more by following the link below. Or speak to your Tax Office about your specific circumstances.

[Download guidance on 'residency', 'domicile' and the 'remittance basis' \(PDF 753K\)](#)

[Contact your Tax Office](#)

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Rates for Capital Gains Tax

2010-11 and 2011-12

For gains on or before 22 June 2010, Capital Gains Tax is charged at a flat rate of 18 per cent.

The following Capital Gains Tax rates apply to gains after this date:

- 18 per cent and 28 per cent tax rates for individuals (the tax rate you use depends on the total amount of your taxable income, so you need to work this out first)
- 28 per cent for trustees or for personal representatives of someone who has died
- 10 per cent for gains qualifying for Entrepreneurs' Relief

If you're not sure how to work out your taxable income, see the examples in the section below 'Working out your Capital Gains Tax for 2010-11'.

[Find out more about Entrepreneurs' Relief](#)

2009-10 and 2008-09

Capital Gains Tax is charged at a flat rate of 18 per cent

2007-08

For individuals Capital Gains Tax is charged at variable rates (10 per cent, 20 per cent and 40 per cent) based on the total amount of your income and gains. For trustees or personal representatives of someone who has died there is a single rate of 40 per cent.

[Find out more about working out 2007-08 rates](#)

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Working out your Capital Gains Tax for 2010-11

For gains on or before 22 June 2010, Capital Gains Tax is charged at a flat rate of 18 per cent.

For gains on or after 23 June 2010, individuals need to work out their total taxable income before working out which Capital Gains Tax rate to use.

1. First work out your taxable income by deducting any tax-free allowances and reliefs that you are entitled to.
2. Next see how much of your basic rate band is already being used against your taxable income. The maximum basic rate band for 2010-11 is £37,400.
3. Allocate any remaining basic rate band first against gains that qualify for Entrepreneurs' Relief - these are charged at 10 per cent.
4. Next allocate any remaining basic rate band against your other gains, these are charged at 18 per cent.

5. Any remaining gains above the basic rate band are charged at 28 per cent.

[Find out more about Income Tax bands and rates](#)

Example one - a simple example

Mr P's total income, after deducting allowances and reliefs, is £20,000 and his capital gains, after tax-free allowance and reliefs, are £10,000.

The maximum basic rate band is £37,400. Mr P has used £20,000 of this amount against his income - so has £17,400 remaining.

As his gains are only £10,000, he has enough of the basic rate band remaining to cover his gains, so they are all taxed at 18 per cent.

Example two - Entrepreneurs' Relief

Mrs T's total income, after deducting allowances and reliefs, is £30,000 and her capital gains, after tax-free allowance and reliefs, are £10,000. £5,000 of these gains qualify for Entrepreneurs' Relief.

The maximum basic rate band is £37,400. Mrs T has used £30,000 of this amount against her income - so has £7,400 remaining.

She allocates £5,000 against the gains that qualify for Entrepreneurs' Relief, so these are taxed at 10%.

She allocates the remaining £2,400 against her other gains, so these are taxed at 18%.

The remaining £2,600 gains (£5,000 less £2,400) are taxed at 28%.

[Read more about Entrepreneurs' Relief](#)

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More useful links

[Find out more about Capital Gains Tax](#)

[How to work out your gain or loss](#)

[Corporation Tax on chargeable gains for companies: Indexation Allowance](#)