HM Revenue & Customs

Capital Gains Tax (CGT) Statistics 2017-18

Key points

- In 2017-18, chargeable gains for Capital Gains Tax (CGT) were £57.9 billion, an increase of 13%.
- CGT liabilities were £8.8 billion, up 14% on the previous year.
- The number of CGT taxpayers increased by 3% to 281,000. This growth continues the long term trend.
- Most CGT revenue comes from the relatively small number of taxpayers who make the largest gains. In 2017-18, 62% of CGT came from those who made gains of £1 million or more. This group generally represents around 3% of CGT taxpayers each year.
- In 2017-18, broadly speaking, as income and size of gain increased, the number of individual taxpayers decreased. 40% of CGT gains for individuals came from 12% of CGT liable individuals, with taxable incomes of above £150,000, the additional rate threshold for Income Tax.
- 27% of the total CGT in 2017-18 came from disposals qualifying for ER, which had a value of £2.4 billion. This percentage is broadly similar to the preceding years.
- The total number of taxpayers claiming Entrepreneurs' Relief (ER) increased by 6% in 2017-18 compared with the previous year, but is still less than the number of ER taxpayers in 2015-16, which was a record high. There were corresponding increases of 8% in the gross ER gains and ER tax liability for 2017-18 compared with last year.
- More detailed information is now available for 2016-17. In that year CGT taxpayers disposed of 1.1 million assets worth £112.7 billion and realised gains of £51.3 billion. Financial assets comprised of 86% of the number of disposals, accounted for 72% of the total value of disposals and 76% of total chargeable gains.

£57.9 billion	**£8.8 billion**	**281,000**
Chargeable Gains (13% increase)	CGT Liability (14% increase)	CGT Taxpayers (3% increase)

About this release

This publication is the annual update of the Capital Gains Tax National Statistics. The statistics include information on the number of capital gains taxpayers, capital gains, tax liabilities and Entrepreneurs' Relief taken from the Self Assessment returns, as well as breakdowns of capital gain, taxable income, region and age up to the 2017-18 tax year. Updates have been made to the previous provisional figures and new figures added for 2017-18. Breakdowns by holding period and type of asset disposed of are also provided for the 2016-17 tax year from sample information.

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Commentary

This section provides the headline statistics about Capital Gains Tax (CGT) taxpayers. **Tables 1 to 6** are based on Self Assessment (SA) returns with a CGT liability, including information for the tax year 2017-18. **Table 7** is based on a sample of asset-level information from SA returns submitted for the 2016-17 tax year. Data sources and methods are described in more detail in Annex A in the **supporting documentation**.

Taxpayer numbers, gains and tax accruals – Table 1

Table 1 and **Figure 1** show the long term trend in key statistics for CGT. In 2017-18, the number of taxpayers, amount of gain and amount of tax were the highest in the history of the tax and continues the long term increasing trend. The total amount of chargeable gains was £57.9 billion; an increase of 13% from the previous year. This growth has been driven by the performance of equities and property markets, resulting in both the number of taxpayers and the gains per taxpayer increasing.

The number of taxpayers increased by 3% when compared with the previous year to 281,000. This was driven by the increase in the number of individuals which, for the first time, surpassed the number of individuals in 2007-08.

The total amount of tax liability was £8.8 billion in 2017-18 and this was an increase of 14% from 2016-17. This puts liabilities at above the 2015-16 level, the previous record high for CGT liability.

There is however a different story for trusts when compared to individuals. For trusts, the totals for the number of taxpayers, amount of gain and amount of tax all decreased. Despite this, the mean value for the amount of gain and tax for trusts has increased from 2016-17 to 2017-18. Historically the number of CGT liable trusts and their chargeable gains and tax paid have been volatile.

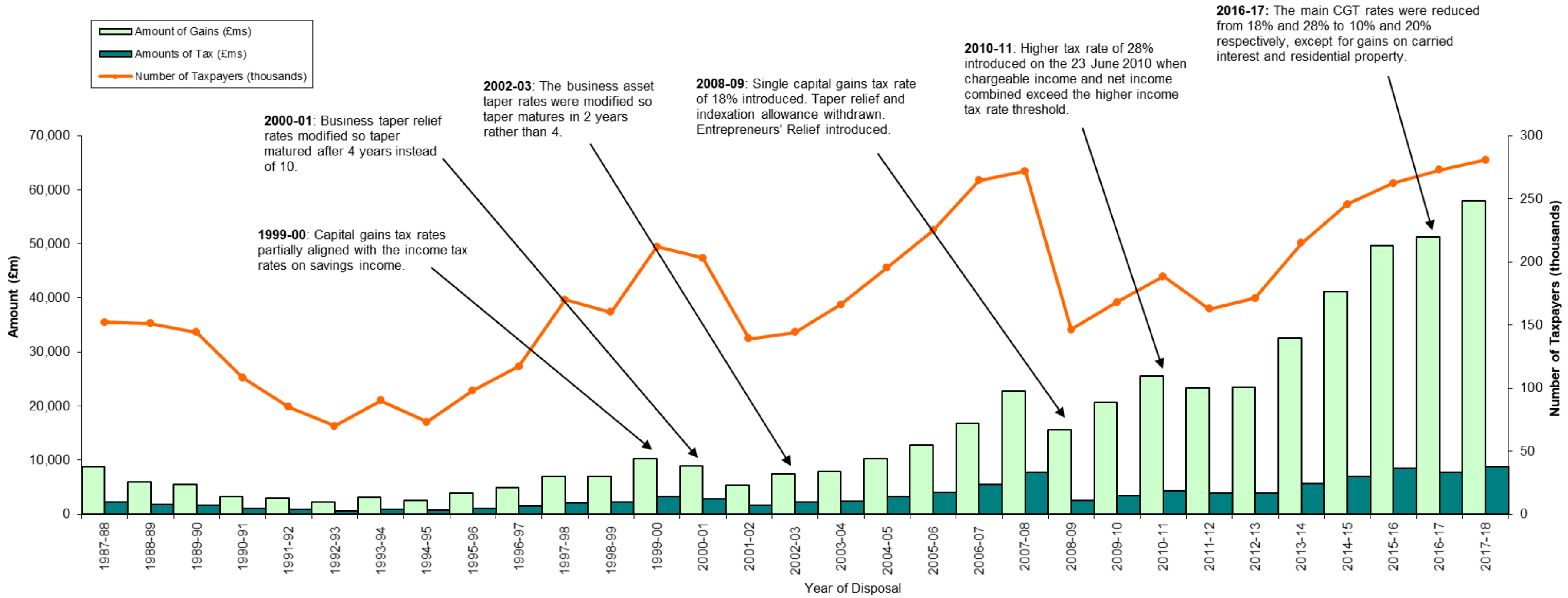
Size of gain – Table 2

Table 2 gives a further breakdown of the figures found in **Table 1** for the last five years by the size of capital gain.

Most Capital Gains Tax comes from the relatively small number of taxpayers who make the largest gains. In 2017-18, 62% of CGT come from those who made gains of £1 million or more, and this proportion has increased each year since 2013-14. This group represents around 3% of CGT taxpayers each year.

The largest proportion of CGT taxpayers – which for this table includes trusts as well as individuals - have gains in the range of £10,000 to £25,000. The percentage of taxpayers in this range has decreased from 41% in 2013-14 to 36% in 2017-18. This group contributes around 1% of the CGT liability.

Figure 1 shows the number of CGT taxpayers, gains and tax liabilities between 1987-88 and 2017-18 by year of disposal



Definition of gains over time

In **Table 1** users should be aware that the definition of gains is not comparable over the long time series provided. Comparisons only in gains from 2008-09 are all on a consistent basis.

- For years to 1997-98, "Gains" are the sum of chargeable gains from all disposals made by a taxpayer; i.e., having deducted indexation allowance and other reliefs, but before deducting the Annual Exempt Amount, past capital losses, or trading losses.
- For years from 1998-99, "Gains" refers to total taxable gains net of reliefs available at disposal, and after deduction of trading losses, past capital losses and taper relief, but before deducting the Annual Exempt Amount.
- Gains between 1998-99 and 2007-08 are not comparable to subsequent years. This is because taper relief was abolished in 2008-09. Taper relief reduced the gains which were taxable by a percentage which was determined by how long the asset had been held.

Size of gain by income – Table 3

Table 3 shows the distribution of individual taxpayer numbers and gains broken down by the capital gain and taxable income for individuals.

There is a pattern to the distribution with large numbers of individuals making smaller gains falling into the lower income categories. More individuals making gains in excess of £1 million fall into the highest income range than any other category. In 2017-18, 40% of CGT gains for individuals came from 12% of CGT liable individuals, with taxable incomes of above £150,000. Around 32% of CGT gains came from 31% of CGT liable individuals, with taxable incomes of between £33,500 and £150,000. These figures have remained broadly stable over the five year period shown.

The amount of taxable income as presented in **Table 3** cannot be directly used to determine a taxpayer's income tax band. However, it is sufficient to allow us to see that higher and additional rate taxpayers tend to realise greater gains than those with lower taxable incomes. In 2017-18, around 13% of Income Tax paying individuals were higher rate taxpayers[1], whereas, 31% of CGT liable individuals had a taxable income of between £33,500 and £150,000. Approximately 1% of Income Tax paying individuals were additional rate taxpayers, whereas 12% of CGT liable individuals had a total taxable income of above £150,000.

Entrepreneurs' Relief – Table 4

Changes to Table 4

The methodology for **Table 4** has been refined in line with the planned changes announced in Annex C of the 2018 publication. As a result the statistics published are not directly comparable to previous editions of the Entrepreneurs' Relief table.

The differences from previous publications are as follows:

- The table now only includes figures on taxpayers who were liable at the Entrepreneur's Relief (ER) tax rate and excludes those who made gains eligible for the relief but who had no tax liability after accounting for all reliefs, allowances and losses.
- Gains reported in the table relate to gross gains eligible for ER.
- The tax figures in the table now relate only to tax paid at the ER rate. In previous publications, the amounts of tax reported represented the total amount of tax paid by those with ER gains and consequently included some tax that was charged at other, non-ER, rates.
- The table now includes statistics for trusts claiming ER as well as individuals.

The total amount of gains qualifying for Entrepreneur's Relief and the ER tax liability have increased from tax year 2010-11 to 2015-16; generally at a faster rate than CGT overall. 2016-17 saw a drop in both, but in 2017-18 they returned close to the 2015-16 peak value. The total number of taxpayers claiming ER increased by 6% in 2017-18 compared with the previous year; with corresponding increases of 8% in the gross ER gains and ER tax liability.

[1] The percentages relating to higher rate and additional rate income tax taxpayers have been calculated from Table 2.1 in the Income tax Statistics and distributions published in June 2019. For further information on Income Tax statistics see https://www.gov.uk/government/collections/income-tax-statistics-and-distributions

Of the total CGT in 2017-18, 27% came from ER qualifying disposals which had a value of £2.4 billion. This percentage is broadly similar to the preceding years. In addition, 74% of tax paid at ER came from taxpayers with a gross ER gain of over £1 million, despite this group making up only 13% of CGT taxpayers with an ER liability.

Since 2010-11, trusts have made up a small percentage of the ER tax liability. In 2017-18, trusts contributed only 1% of gains and 1% of liability.

Regional and country statistics – Table 5

Table 5 shows the amount of gains and tax liabilities for individuals by region and UK country. This table is based on the postcode of the residence of the individual.

In all years presented, the South East of England had the highest number of capital gains taxpayers, followed by London, with the North East of England and Northern Ireland having the fewest. Taken together, London and the South East of England made up 41% of individuals who were liable to CGT in the UK in 2017-18.

London and the South East of England realised 48% of the gains and had 53% of the tax liability in 2017-18. These figures are broadly constant over time, and overall there is a fairly stable regional distribution.

Age statistics – Table 6

Table 6 shows the number of taxpayers and amounts of gains and tax by age category. This table is a new addition to the Capital Gains Tax National Statistics.

The 55 to 64 age category has consistently had the highest number of capital gains taxpayers, followed by the 65 to 74 and 45 to 54 age categories. These three age groups contribute 78% of both the gain and tax in 2017-18. The highest and the lowest age categories have the least amounts of gain and tax in 2017-18, and this pattern is consistent throughout the period covered in **Table 6**.

Estimated number of taxpayer disposals, value of disposals and chargeable gains by asset types – Table 7

Table 7 shows the number of disposals, disposal value and chargeable gains arising in the 2016-17 tax year before the deduction of in-year losses, past capital losses and the Annual Exempt Amount.

Information on the asset type is derived from an annual sample of capital gains schedules submitted with Self Assessment returns. Detailed computations of chargeable gains are obtained for each case sampled. These show the amounts arising from disposals of different types of assets, the period for which they were held, the cost of acquiring each asset, enhancement expenditure (e.g. expenditure on the development of a house), the sale price and costs of disposal, the amount of indexation allowance and any other allowances or reliefs. The values are scaled to the Capital Gains Tax liable population using the ratio of population gains to grossed survey gains, so that the chargeable gains are consistent with estimates for the same year in **Table 1** in this report.

All percentages quoted in the commentary relating to holding periods are for where the holding period is known; assets with unknown holding periods are taken out of the percentage calculation. The information in **Table 7** is tabulated by types of asset, and within these, ranges of periods for which the asset was held. In previous publications non-UK securities were reported as part of “Other financial assets”. In this year’s publication this has been included in “UK & foreign ordinary shares listed on the London exchange”.

In previous publications there were three tables which displayed the sample values (Tables 6, 7 & 8, now referred to as historical tables). In this year’s publication historical Tables 6 & 7 were removed, with historical Table 8 being retained and renamed as **Table 7**. Minimal information has been lost by the removal of these two tables that could not be calculated from the new **Table 7**.

The 2016-17 statistics in **Table 7** are based on a stratified sample consisting of approximately 7,500 taxpayer returns. The sample size was reduced this year from 10,000 in order to improve the timing and efficiency of data collection, allowing an earlier publication timeline while retaining a sufficient sample size to obtain reliable results.

Table 7 shows that in total, Capital Gains Tax taxpayers disposed of 1.1 million assets worth £112.7 billion with chargeable gains of £51.3 billion in 2016-17; this amounted to a 41% increase in the number of assets disposed of, 17% increase in disposal value and 3% increase of chargeable gains from the previous year.

Financial Assets
Financial assets comprised 86% of all disposals, accounted for 72% of the total value of disposals, and 76% of total chargeable gains. For financial assets as a whole, gains as a percentage of disposal value decreased from 59% in 2015-16 to 48% in 2016-17. The number of financial assets disposed of was 910,000, a 57% increase from last year. The disposal and chargeable gain amounts for financial assets were £81.5 billion and £39.2 billion, which are 30% and 6% increases on last year’s values.

Non-financial assets
The largest component of non-financial assets is residential land and buildings, which accounted for 10% of the number of all assets disposed of, 18% of the total value of all disposals, and 13% of chargeable gains across all capital gains assets. Commercial and agricultural assets accounted for 1% of the number of all assets disposed of and 3% of both the total value of all disposals and chargeable gains.

Holding periods
Around a third of financial shares are disposed of within a year, with 35% of listed shares being sold within the first year, compared to 37% of unlisted shares. For commercial and agricultural land and buildings, 73% of disposals were held for more than 10 years which is higher than the equivalent figure of 54% for residential land and buildings. Both of these percentages are higher than the proportion of listed shares and unlisted shares held for more than 10 years, at 10% and 12% respectively. It is a general trend that the longer the asset is held for, the higher the chargeable gain as a percentage of disposal value is.

Planned changes to the 2020 Publication

For **Table 7**, further refinement of the classifications of financial assets could be carried out. This is to obtain a more accurate representation of whether the financial asset should be classified as “UK & foreign ordinary shares listed on the London exchange” or “UK & foreign shares not listed on the London exchange”. A further possible change to **Table 7** is to amend the calculation for the “% of total”; where the “unknown” length of period of ownership for assets is to be removed from the calculation in the table. This will allow a more accurate representation of the “% of total”; currently “unknown” assets dominate the “% of total” amounts for financial assets.