Capital Gains Tax (CGT) Statistics 2018-19

HM Revenue & Customs

Key points

- In 2018-19, the total Capital Gains Tax liability was £9.5 billion for 276,000 CGT taxpayers. This liability was realised on £62.8 billion of chargeable gains. As last year, the total CGT liability and gains increased, but the number of taxpayers decreased.

- Most CGT comes from the small number of taxpayers who make the largest gains. New statistics this year show that in 2018-19, 40% of CGT came from those who made gains of £5 million or more. This group represents less than 1% of CGT taxpayers each year.

- In 2018-19, broadly speaking, as income and size of gain increased, the number of individual taxpayers decreased. 42% of CGT gains for individuals came from 13% of CGT liable individuals, with taxable incomes of above £150,000, the additional rate threshold for Income Tax.

- Just over a quarter of CGT came from CGT disposals that qualified for Entrepreneurs' Relief (ER). ER was claimed by 46,000 taxpayers on £27.7 billion of gains in 2018-19, resulting in a total £2.7 billion tax charge. This is the highest amount of gains and tax since the introduction of the relief. These statistics cover tax years before the reduction in the ER Lifetime Limit in Budget 2020.

- More detailed information is now available for 2017-18. In that year CGT taxpayers disposed of 1.3 million assets worth £134.4 billion and realised gains of £58.9 billion. Financial assets comprised of 86% of the number of disposals, accounted for 69% of the total value of disposals and 77% of total chargeable gains.

2018-19 Tax Year		
£62.8 billion Chargeable Gains (7% increase)	**£9.5 billion** CGT Liability (6% increase)	**276,000** CGT Taxpayers (4% decrease)

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 by capital gain, taxable income, region and age up to the 2018-19 tax year. Updates have been made to the previous provisional figures and new figures added for 2018-19. Breakdowns by holding period and type of asset disposed of are also provided for the 2017-18 tax year from sample information.

NATIONAL STATISTICS

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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 2018-19. **Table 7** is based on a sample of asset-level information from SA returns submitted for the 2017-18 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 2018-19, a record amount of capital gains and tax were recorded. The total amount of tax liability was £9.5 billion in 2018-19 and this was an increase of 6% from 2017-18. This puts liabilities at above the 2017-18 level, the previous record high for CGT liability. The total amount of chargeable gains was £62.8 billion; an increase of 7% from the previous year.

In 2018-19, there were 276,000 CGT taxpayers, which is less than one percent of the number of people who pay Income Tax[1]. The overall number of CGT taxpayers decreased by 4% when compared with the previous year, with the number of CGT liable individuals and trusts falling by 3% and 9% respectively. As a result of these falls, the average gain made per CGT-liable taxpayer has increased between 2017-18 and 2018-19.

Size of gain – Table 2

Changes to Tables 2, 3 and 4

In previous publications gains over £1 million were grouped together. This year, in response to user feedback, new statistics have been introduced; this category has now been split further to show gains of £1 million to £2 million, £2 million to £5 million and £5 million and above. Data for all eight years in the time series has been updated with this change.

Table 2 gives a further breakdown of the figures found in Table 1 for the last eight years by the size of capital gain. This table includes trusts as well as individuals.

Most Capital Gains Tax comes from the relatively small number of taxpayers who make the largest gains. In 2018-19, 40% of CGT came from those who made gains of £5 million or more, and this proportion has broadly increased over the time series shown. This group represents less than 1% of CGT taxpayers each year. By comparison the top 1% of Income Tax payers in 2017-18 paid 29% of all Income Tax[2].

[1] The total number of individuals paying Income Tax can be found in Table 2.1 in the Income Tax Statistics and distributions published in June 2020. For further information on Income Tax statistics see https://www.gov.uk/government/collections/income-tax-statistics-and-distributions

[2] The percentages relating to the top 1% of Income Taxpayers can be found in the Income Tax Liabilities Statistics published in June 2020. For further information on Income Tax statistics see https://www.gov.uk/government/statistics/income-tax-liabilities-statistics-tax-year-2017-to-2018-to-tax-year-2020-to-2021

The number of taxpayers realising gains of £5 million or more has grown four-fold between 2011-12 and 2018-19, and compared to all groups shown has seen the greatest relative increase in the number of taxpayers over the period.

The largest proportion of CGT taxpayers have gains in the range of £10,000 to £25,000. The percentage of taxpayers in this range has decreased from 43% in 2012-13 to 35% in 2018-19. This group contributes around 1% of total CGT liability.

Size of gain by income – Table 3

Table 3 shows the distribution of 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, and as income and size of gain increase, the number of individual taxpayers decreases. Individuals with gains less than £50,000 and taxable income below £33,500 contributed to 4% of the total gains, but represented 37% of those liable to CGT. More individuals making gains in excess of £1 million fall into the highest income range than any other category.

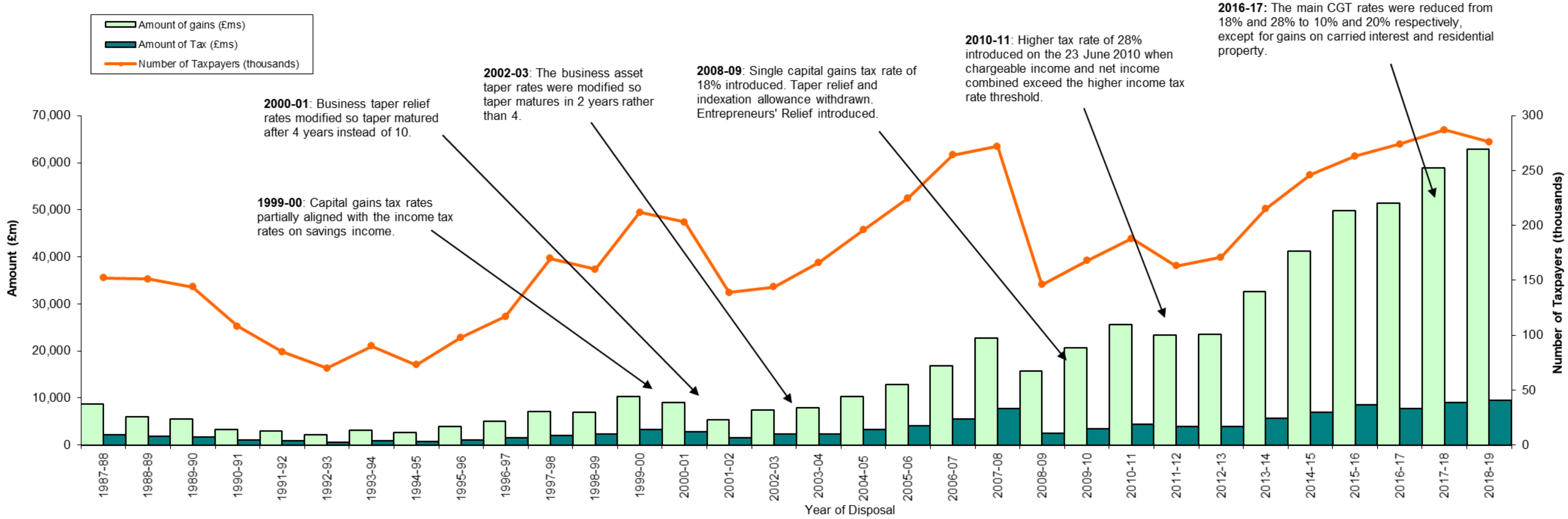
In 2018-19, 42% of CGT gains for individuals came from the 13% of CGT liable individuals, with taxable incomes of above £150,000, the additional rate threshold for Income Tax. Furthermore:

- Just over a third of gains were made by those with gains greater than £1 million and incomes over £150,000. This represents less than 2% of individuals that are liable to CGT.
- Just under a quarter of gains were made by those with gains greater than £5 million and incomes over £150,000. This represents less than 1% of individuals that are liable to CGT.

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 2018-19, around 13% of Income Tax paying individuals were higher rate taxpayers[3], 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 13% of CGT liable individuals had a total taxable income of above £150,000.

[3] 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 2020. For further information on Income Tax statistics see https://www.gov.uk/government/collections/income-tax-statistics-and-distributions

Figure 1 shows the number of CGT taxpayers, gains and tax liabilities between 1987-88 and 2018-19 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.

Entrepreneurs’ Relief – Table 4

In 2018-19, Entrepreneurs’ Relief (ER) was claimed on £27.7 billion of gains. This is a 13% increase on 2017-18 levels and the highest amount since the introduction of the relief. Similarly, the amount of tax charged at the 10% ER rate was at its highest ever level at £2.7 billion, an increase of 13% on 2017-18 levels. Just over a quarter, 28%, of the total CGT in 2018-19 came from disposals qualifying for ER.

The amount of total gains eligible for ER has more than doubled over the last eight years but has grown slower than non-qualifying gains over the same period.[4] The lifetime limit for gains qualifying for ER was increased to £10 million in 2011-12 and so has not changed over the period shown in Table 4.

The number of taxpayers claiming Entrepreneurs’ Relief increased by 7% to 46,000 between 2017-18 and 2018-19. The number of ER claimants has fluctuated between 40,000 and 51,000 between the last six years for which data is available.

Gains that are eligible for Entrepreneurs Relief account for a substantial amount of CGT gains and are concentrated amongst individuals who have large gains. More than 74% of gains and 76% of tax charged at the ER rate in 2018-19 was from the 13% of individuals with qualifying gains of £1 million or more. Furthermore, 36% of gains and 37% of tax charged at the ER rate were from the 2% of individuals with qualifying gains of £5 million or more.

Trusts have historically made up a small percentage of the ER tax liability. In 2018-19, trust gains and tax paid at the ER rate were at their lowest level since 2012-13, and contributed less than 1% of total gains and liabilities.

Changes to Entrepreneurs’ Relief announced at Spring Budget 2020

From 11 March 2020, the Entrepreneurs’ Relief lifetime limit was reduced to £1 million.

From 6 April 2020 Entrepreneurs’ Relief has been renamed Business Asset Disposal Relief.

See Annex B for changes to the ER qualifying conditions over the period shown.

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, and therefore not necessarily the location of the asset which has been disposed.

In all years presented, the South East of England had the highest number of capital gains taxpayers, followed by London. Taken together, London and the South East of England made up 40% of individuals who were liable to CGT in the UK in 2018-19. The North East of England and Northern Ireland had the fewest taxpayers.

[4] Non-qualifying gains have been calculated using the amount of gains for all taxpayers from Table 1 minus the gains on which ER was claimed from Table 4

London and the South East of England realised 48% of the gains and had 53% of the tax liability in 2018-19. 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.

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 represent 71% of the CGT population and contribute 78% of both the gain and tax in 2018-19. The youngest and the oldest age categories have the least amounts of gain and tax in 2018-19, 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 2017-18 tax year.

Table 7 shows that in total, Capital Gains Tax taxpayers disposed of 1.3 million assets worth £134.4 billion with chargeable gains of £58.9 billion in 2017-18; this amounted to a 23% increase in the number of assets disposed of, a 19% increase in disposal value and a 15% increase of chargeable gains from the previous year.

Financial assets
In 2017-18, financial assets comprised 86% of all disposals, accounted for 69% of the total value of disposals, and 77% of total chargeable gains. These proportions remain similar to the previous year. For financial assets as a whole, gains as a percentage of disposal value remained similar at 49% when compared to 48% in the previous year. The number of financial assets disposed of was 1.1 million, a 24% increase from last year. The disposal and chargeable gain amounts for financial assets were £93.3 billion and £45.3 billion, which are 15% and 16% increases on last year's values respectively.

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, 20% of the total value of all disposals, and 14% of chargeable gains across all capital gains assets. Commercial and agricultural assets accounted for 1% of the number of all assets disposed of, 2% of the total value of all disposals, and 3% of chargeable gains.

Holding periods
Of assets with known holding periods, 68% of listed shares and 61% of unlisted shares are being sold within the first five years. Both percentages are higher than the proportion of residential land and buildings, and commercial and agricultural land and buildings held for less than five years, at 25% and 13% respectively.

Similarly, the median average holding period for listed shares is between two and three years, and between three and four for unlisted shares. For agricultural, commercial or industrial land and buildings the median average holding period is between 15 to 20 years, and between 10 and 15 years for residential land and buildings.

The general trend is that the longer the asset is held for, the higher the chargeable gain as a percentage of disposal value is.

Methodology

Information on the asset type is derived from an annual sample of capital gains schedules submitted with Self Assessment returns. Detailed calculations 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 and any other allowances or reliefs. The total chargeable capital gains value estimated from the survey is scaled to match the corresponding Table 1 total which is based on administrative data collected from all CGT Self Assessment returns. The same scaling factor is applied to the number of disposals and value of disposals reported in **Table 7**.

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.

The 2017-18 statistics in **Table 7** are based on a stratified sample consisting of approximately 7,500 taxpayer returns.

Changes to Table 7 in 2020 publication

As indicated in the planned changes section of the 2019 publication, the percentages in Table 7 are now calculated using assets with a known holding period. In addition, a number of changes have been made to the asset classifications and groupings as detailed below.

Table 7 shows the 2017-18 survey data with the updated asset classifications and groupings. For comparison, we have also published the 2017-18 data using the 2019 publication classifications and groupings in Table 7A. The updated asset classifications are only movements within the financial assets categories and therefore do not affect the key trends and messages outlined in this publication.

The category “UK & foreign ordinary shares listed on the London exchange” has been renamed to “Listed UK and foreign shares”. In the previous publication, this category included: shares listed on the London Stock Exchange as well as those listed on the New York, NASDAQ, Euronext and Frankfurt stock exchanges, Trusts and Open-Ended Investment Companies that are comprised of equities, non-UK shares in unlisted companies, and shares in non-UK companies listed on the Alternative Investment Market (AIM). In this publication, UK and non-UK shares listed on any other exchanges have been added to this category. Due to data limitations this category will also now include unlisted shares where it is not known whether they relate to a UK or non-UK company, and shares where it is not known if the company is listed or unlisted. This is expected to affect only a small proportion of assets captured. This categorisation will be further improved in 2022 as detailed in the section below. In addition, non-UK AIM shares have been removed from this category.

The category “UK & foreign shares not listed on the London exchange” has been renamed to “Unlisted UK and foreign shares”. In the previous publication, this category included unlisted UK shares, unlisted shares where it is not known whether they relate to a UK or non-UK company, UK and non-UK shares listed on any other exchanges, and shares where it is not known if the company is listed or unlisted. UK shares that were unlisted will continue to be in this category and so will UK AIM shares. In addition, non-UK AIM shares have been added to this category. Furthermore, due to data limitations unlisted shares where it is not known whether they relate to a UK or non-UK company, and shares where it is not known if the company is listed or unlisted have been removed from this category. This categorisation will be further improved in 2022 as detailed in the section below.

The category “Other financial assets” includes all other financial assets that cannot be classified as listed or unlisted shares, such as trusts and Open-Ended Investment Companies, and loan stock. In previous publications, unclassified financial assets were redistributed amongst the three financial asset categories. These are now being fully included in the “Other financial assets” category.

Planned changes to Table 7 for 2021 publication

Changes to the asset categorisations have been based on, and limited by, the data available from the 2017-18 tax year survey. Following these changes, and the Office for Statistics Regulation review “Strengthening the quality of HMRC official statistics”, we have worked with our data providers to implement improvements to the data capture process to further improve the structure of Table 7 and improve the quality of statistics available for users in the future. Due to the time needed to capture and process the survey data there is a time lag between the implementation of methodology changes and their impact on published data. As a result, some of the changes implemented will not be reflected until later publications.

In the corresponding table for the 2021 publication, Trusts and Open-Ended Investment Companies that are comprised of equities will be removed from the “Listed UK and foreign shares” category and added into the “Other financial assets” categories where all other Trusts and Open-Ended Investment Companies are categorised.

In the corresponding table for the 2022 publication, unlisted shares in non-UK companies and unlisted and unlisted shares where it is not known whether they relate to a UK or non-UK company will be moved from “Listed UK and foreign shares” to “Unlisted UK and foreign shares”. Shares where it is not known if the company is listed or unlisted will no longer be categorised as “Listed UK and foreign shares” and will instead be redistributed amongst the listed and unlisted categories.

Other planned changes to the 2021 publication

From 6 April 2020 individuals, trustees and personal representatives of deceased persons who sell or otherwise dispose of residential property where CGT is due on all or part of the gain must report the disposal to HMRC within 30 days of completing the disposal, and at the same time make a payment on account of the CGT due. We plan to publish statistics related to these disposals broken down by month for the 2020-21 tax year in the August 2021 publication. We welcome further input from users on what statistics could additionally be usefully produced, and as we undertake further quality assurance of the data, will likely identify additional statistics that can be published which will support the commentary and evidence base on Capital Gains Tax.

Planned changes to the survey table are detailed in the Table 7 section above.