

CAPITAL GAIN OR CAPITAL LOSS WORKSHEET

This worksheet helps you calculate a capital gain for each CGT asset or any other CGT event¹ using the indexation method², the discount method³ and/or the 'other' method. It also helps you calculate a capital loss.

CGT asset type or CGT event

Shares and units (in unit trusts)

Forestry managed investment scheme interest

Real estate

Other CGT assets and any other CGT events⁴

Collectables⁵

Hedging financial arrangements⁶

Description of CGT asset or CGT event

Date of acquisition

Date of CGT event

	1	2	3	4	5	6	7
ELEMENTS OF THE COST BASE OR REDUCED COST BASE	Amount	Amounts to be deducted for cost base ¹⁰	Cost base (1–2)	Amounts to be deducted for reduced cost base ¹⁰	Reduced cost base (1–4)	Indexation factor ¹¹	Cost base indexed (3x6)
Acquisition or purchase cost of the CGT asset ⁷							
Incidental costs to acquire the CGT asset							
Incidental costs that relate to the CGT event ⁸							
Costs of owning the CGT asset ⁹							
Capital expenditure to increase or preserve the asset's value or to install or move it							
Capital costs to establish, preserve or defend title to, or a right over, the CGT asset							
	Cost base unindexed		\$				
			Reduced cost base		\$		
					Cost base indexed		\$

CAPITAL GAIN CALCULATION					
Indexation method		Discount method		'Other' method (CGT asset held less than 12 months)	
Capital proceeds ¹²	\$	Capital proceeds ¹²	\$	Capital proceeds ¹²	\$
less: cost base indexed	\$	less: cost base unindexed	\$	less: cost base unindexed	\$
Capital gain (a)	\$	Capital gain (b)*	\$	Capital gain	\$
* In choosing between capital gain (a) or (b), remember that the CGT discount will not apply to (a) but it will reduce the amount of capital gain remaining after capital losses are deducted from (b).					

CAPITAL LOSS CALCULATION	
Capital loss	
Reduced cost base	\$
less: capital proceeds ¹²	\$
Capital loss ¹³	\$

Transfer the capital gain to **part A1** of the *CGT summary worksheet*, except for a capital gain from collectables which is transferred to **part A2** of that worksheet.

Transfer the capital loss to **part B** of the *CGT summary worksheet*, except for a capital loss from collectables which is transferred to **part A2** of that worksheet.

1 CGT event

You make a capital gain or capital loss if certain events or transactions (called CGT events) happen. Most commonly, CGT events happen to a CGT asset (for example, the disposal of a CGT asset) but some CGT events can happen without involving a CGT asset. For more information about CGT events, see the *Guide to capital gains tax 2010*.

2 Indexation method*

For CGT assets acquired before 11.45am (by legal time in the ACT) on 21 September 1999, the indexation of the cost base of an asset is frozen as at 30 September 1999. Individuals, trusts and superannuation entities can choose to use either the cost base indexed, frozen as at 30 September 1999, or the CGT discount.

3 Discount method*

If a CGT event happens to a CGT asset after 11.45am (by legal time in the ACT) on 21 September 1999 and you acquired the asset at least 12 months before the CGT event, you may be entitled to discount the capital gain after applying capital losses. The discount percentage for an individual or trust is 50% and for a complying superannuation entity it is 33⅓%. Companies (other than those life insurance companies and friendly societies which carry on life insurance business that are entitled to the CGT discount in respect of their complying superannuation business) are not eligible for the CGT discount. You apply current year capital losses and then unapplied net capital losses from earlier years against current year capital gains before applying the CGT discount. If any capital gains qualify for the CGT small business concessions, you then apply those concessions to each capital gain.

4 Other CGT assets and any other CGT events

This category is for a capital gain or capital loss made from a CGT asset or another CGT event that is not from shares and units (in unit trusts), real estate, a collectable or a hedging financial arrangement. You include capital gains from personal use assets here. If you acquired a personal use asset for \$10,000 or less, you disregard any capital gain. You disregard capital losses from personal use assets.

Note: There are special rules that apply when working out a capital gain or capital loss for a depreciating asset. A capital gain or capital loss will only arise to the extent that you use a depreciating asset for a non-taxable purpose (for example, used privately). You calculate the gain or loss having regard to concepts used in the uniform capital allowance provisions. Those provisions also treat as income or allow as a deduction any gain or loss from a depreciating asset to the extent that you use it for a taxable purpose.

5 Collectables

If you acquired a collectable (for example, jewellery or an antique) for \$500 or less, you disregard any capital gain or capital loss. You can only use capital losses from collectables to offset capital gains from collectables.

6 Hedging financial arrangements

This category is for gains or losses from a hedging financial arrangement where the arrangement is:

- one to which the hedging financial arrangement election in Subdivision 230-E of the *Income Tax Assessment Act 1997* applies, and
- created, acquired or applied for the purpose of hedging a risk or risks in relation to a hedged item that is a CGT asset.

7 Acquisition or purchase cost

This is money you paid, property you gave or you are required to pay or give to acquire a CGT asset. The market value of any property you gave, or are required to give, is worked out at the time of acquisition. Modifications and special rules may apply to this element of the cost base, for example, the market value substitution rule.

8 Incidental costs that relate to a CGT event

This includes the incidental costs of disposal of a CGT asset or, if there is no disposal of a CGT asset, those incidental costs that relate to the CGT event.

9 Costs of owning the asset

Costs of owning the asset include interest on borrowed money, rates and land tax, and the costs of repairing or maintaining the CGT asset. You include them in the cost base provided you acquired the CGT asset after 20 August 1991. These costs cannot be indexed or used to work out a capital loss. You do not include non-capital costs of owning the asset in the cost base of collectables or personal use assets.

10 Cost base and reduced cost base

For the cost base, exclude all expenditure recouped or that has been deducted or can be deducted on assets acquired after 7.30pm (by legal time in the ACT) on 13 May 1997. For assets acquired before this time, exclude all expenditure recouped, or in respect of incidental costs and costs of owning, that have been claimed or can be claimed as a tax deduction. In some cases, cost base reductions are made before indexing (for example, recouped expenditure) and in others, after indexing (for example, capital works deductions). For the reduced cost base, exclude any expenditure recouped, that has been deducted, can be deducted or is a cost of owning. Indexation does not apply to the reduced cost base.

11 Indexation factor

Indexation is not relevant to:

- expenditure incurred after 11.45am (by legal time in the ACT) on 21 September 1999 relating to a CGT asset acquired before that time, or
- expenditure relating to a CGT asset acquired after that time.

The cost base includes indexation, frozen as at 30 September 1999, only if you acquired the CGT asset at or before 11.45am (by legal time in the ACT) on 21 September 1999 and have owned it for at least 12 months. There are some exceptions, for example, rollovers and assets inherited from a deceased estate. Indexation is not available for costs of owning the asset and it is not relevant to the reduced cost base. The indexation factor is an amount equal to the consumer price index (CPI) for the quarter of the year in which the CGT event happened to the asset, divided by the CPI for the quarter of the year in which you incurred the expenditure included in any of the cost base elements (except the third element: costs of owning). The indexation factor is taken to three decimal places, rounding up if the fourth decimal place is 5 or more. A list of CPI is at appendix 2.

12 Capital proceeds

This is money and the market value of any property that you have received (or are entitled to receive), in respect of the CGT event happening. Modifications and special rules may apply to change the capital proceeds for certain CGT events. If the capital proceeds are greater than the cost base, you make a capital gain. If the capital proceeds are less than the reduced cost base, you make a capital loss. If the capital proceeds are between the cost base, or if applicable the indexed cost base, and the reduced cost base, you make neither a capital gain nor a capital loss.

13 Capital losses

You can only use capital losses from collectables to offset capital gains from collectables. You disregard capital losses from personal use assets. You cannot deduct net capital losses from your assessable income. If you became a bankrupt during the year, you disregard unapplied net capital losses from earlier years.

* Note: For CGT assets acquired before 11.45am (by legal time in the ACT) on 21 September 1999, you have the option of choosing the CGT discount or calculating the capital gain using indexation frozen at 30 September 1999. Calculate your capital gain under each option to determine the best result in your particular circumstances.