

Answer to Example 2

Class 4	£
(£50,270 – £9,568) × 9%	3,663
(£60,000 – £50,270) × 2%	195
	<u>3,858</u>
Class 2	
£3.05 × 52 weeks	£159

Chapter 12**Answer to Example 1**

Tina – Capital Gains tax computation – 2021/22

Painting	£	£
Disposal proceeds	500,000	
Less Cost	<u>(350,000)</u>	
Capital Gain		150,000
Investment commercial property		
Disposal proceeds	310,300	
Less incidental costs of disposal	<u>(15,000)</u>	
Net proceeds	295,300	
Less cost	<u>(200,000)</u>	
Capital Gain		95,300
Antique vase		
Disposal proceeds	10,000	
Less cost	<u>(15,000)</u>	
Capital loss		<u>(5,000)</u>
Net capital gains in 2021/22		240,300
Less AEA		<u>(12,300)</u>
		228,000
Less Capital losses b/f		<u>(15,000)</u>
Taxable Gains		213,000
CGT × 20% (Note)		£42,600
Due		31/1/2023

Note: Tina's taxable income of £50,000 exceeds the basic rate band of £37,700 and none of the assets sold are residential property nor assets eligible for business asset disposal or investors' relief, so all of the taxable gains are taxed at 20%