

Adviser Edge

Reporting and paying Capital Gains Tax (CGT) due on Chargeable disposals

CATEGORY: INVESTMENT AND TAX

Key Takeaways

- CGT is reported either through self-assessment or HMRC real-time CGT service
- Reporting can be required even where little or no CGT is ultimately due
- Where the real-time CGT service is used, reporting is due by 31 December following the end of the tax year, and payment is due by 31 January

Capital Gains Tax (CGT)

CGT is a tax on the profit when a chargeable asset is sold (or 'disposed of') that has increased in value.

In practice, a disposal for CGT purposes occurs when a client's ownership of an asset ends in whole or in part. This most commonly happens when an asset is sold, but it can also arise on gifts, transfers, switches between holdings, or exchanges of assets.

Reporting disposals

On the disposal of the asset, a CGT reporting obligation may arise, even where no tax is ultimately payable. Reporting is generally required where the individuals' total gains for the tax year, before losses, exceed the CGT Annual Exempt Amount (AEA). The current AEA is £3,000. Or if the total value of chargeable assets disposed of in the year exceeded £50,000, even if no CGT is due.

For chargeable disposals, the CGT rates that are charged:

- 18% for gains within the basic rate tax band
- 24% for gains within the higher and additional rate tax bands

The rate applied depends on the individuals total taxable income and gains in the tax year.

Making the declaration and payment of CGT

There are two primary routes for the individual to declare CGT to the HMRC.

1. Self-assessment

For individuals who are already within self-assessment (or required to be), the gain is reported through the SA108 Capital Gains pages.

- If the return is filed online, the deadline is 31 January following the end of the tax year of disposal
- If a paper return is used, the filing deadline is earlier, on 31 October following the end of the tax year

In either situation any CGT due is payable by 31 January following the end of the tax year.

The capital gain therefore sits within the full-year tax computation and is integrated with other income, reliefs, losses and claims for the year, with any CGT due paid as part of the self-assessment process.

2. HMRC real-time CGT service

The alternative route is HMRC's real-time CGT service, which is used predominantly by UK-resident individuals who do not normally file a self-assessment return but still need to report a gain.

Under this route, the gain must be:

- Reported by 31 December following the end of the tax year of disposal, and
- Any CGT due must be paid by 31 January following the end of that tax year

This is a standalone CGT submission, and if the individual later enters self-assessment (or needs to amend their wider tax position), the gain may need to be reflected appropriately in their overall tax affairs.

After the report has been made, HMRC provides a capital gains payment reference number (starting with an "X"), via letter or email, and payment can then be made.

The key practical difference between the two routes is timing. The real-time CGT service has an earlier reporting deadline (31 December), whereas the online self-assessment filing deadline is 31 January. A crucial point, however, is that the payment date remains 31 January under both routes.

In practice, if a gain was realised in February 2024 (tax year 2024/25), by an individual that does not normally file a self-assessment, then the gain is required to be reported by 31 December 2025 and any CGT due, paid by 31 January 2026

Late return and payment penalties

Where a chargeable disposal gives rise to a reporting requirement, failure to file or pay on time will normally result in interest and penalties being charged by HMRC.

Late return penalties (self-assessment)

- £100 fixed penalty if the return is late
- If the return is 3 months late, then £10 per day for up to 90 days (£900 maximum)
- At 6 and 12 months: £300 penalty or 5% of the tax due (whichever is higher)

Late payment:

- Interest charged daily from the day after the due date until payment is made, plus
- Late payment penalties of 5% of unpaid tax may apply at 30 days, 6 months and 12 months

Penalties are cumulative and apply in addition to interest.

HMRC interest rates change and are published on GOV.UK (for example, the late payment interest rate was 7.75% in January 2026). Always refer to HMRC website for the current late payment interest rate.

HMRC compliance checks

From 6 April 2024 the CGT AEA was reduced to £3,000. This reduction from the previous high of £12,300 (2022/23) materially increases the likelihood that individuals disposing of chargeable assets will have a CGT liability. Consequently, the HMRC estimated that around 260,000 individuals and trusts would be brought into the scope of CGT for the first time by tax year 2024/25. HMRC uses an extensive range of different technologies and data-sharing agreements to identify unreported chargeable disposals, including:

- Data matching and analytics
- Other Government bodies and departments
- 3rd party information sharing
- Self-assessment audits
- Random and targeted investigations
- Whistleblower reports
- Cross referencing with land registry, financial institutions and investment platforms

Summary

With the material reduction in AEA, it is key that individuals maintain accurate records of asset acquisitions, disposal proceeds, and associated costs, to ensure they properly declare any chargeable gains.

In the event of making a reportable gain the individual needs to report promptly and verify all returns before HMRC deadlines to avoid any interest and penalties.

Capital Gains Tax - GOV.UK

<https://www.gov.uk/money/capital-gains-tax>

For guidance on UK residential property disposals, refer to our companion document: [Reporting and paying Capital Gains Tax \(CGT\) due on Residential property disposals](#)

Information correct as at February 2026. Advisers should confirm current rules on GOV.UK before relying on this guidance.

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WF3370048 (03/26). UK