



CGT on commercial property sales

Selling a commercial property is likely to result in either a capital gain or capital loss. When the sale results in a gain, it will be subject to capital gains tax (CGT).

A capital gain or capital loss, is the difference between what it costs to originally purchase the property plus any improvements made, and what you receive when you sell it. CGT is the tax you may then have to pay on the profits made from the sale of an asset. The amount you must pay is dependent on the property's ownership structure, where the type of entity the property is owned under could drastically change the tax rate you have to pay.

Discounts and concessions are available to different entities: individuals (including a partner in a partnership) and trusts may be eligible for a discount of 50% of their capital gain if they have owned the asset for at least 12 months. Companies, on the other hand, are not eligible for a CGT discount. Small business entities who sell their business premises may be eligible for four small business discounts:

- **15-year exemption:** if a business asset has been owned for 15 years and the owner is 55 years or over and is retiring or incapacitated, then no assessable capital gain arises when selling the property.

- 50% active asset reduction: small businesses can reduce their property's capital gain by 50%
- Retirement exemption: capital gains from the property sale are exempt up to a lifetime limit of \$500,000. If the owner is under 55, the amount that is exempt must instead be paid into a superannuation fund or retirement savings account
- Roll-over: capital gain can be deferred on the business asset until another event occurs that crystallises the gain. This event could include buying a replacement business premise within a certain time frame, where the capital gain can be deferred until the new premises are sold.

You are able to apply for as many concessions that apply to you until the capital gain is nil.

Please give your Accountant a call directly to see how this may apply to your particular circumstances.

A tailored approach for each business is recommended so call us for assistance and advice on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

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