

12.525 Small Business CGT Concessions

The four small business CGT concessions (Div 152 ITAA97) are:

- **15-year exemption (Subdivision 152-B)**
- **50% reduction (Subdivision 152-C)**
- **Retirement exemption (Subdivision 152-D)**
- **Rollover relief (Subdivision 152-E)**

Retirement Exemption – Key Points

Lifetime exempt amount capped at **\$500,000**.

If under 55 years, exempt amount must be contributed into a complying superannuation fund/RSA within 7 days.

If 55 or older at the time of the choice, contribution to super is optional.

Worked Example: Barbara (age 57)

Business sale proceeds: \$500,000 (goodwill, zero cost base).

CGT discount (50%): –\$250,000

Active asset reduction (50%): –\$125,000

Retirement exemption applied: \$125,000

Result: no taxable capital gain.

Worked Example: Alex (age 60)

Capital proceeds from various assets, total gains offset with losses.

After applying 50% discounts & reductions, net capital gain = **\$102,500**.

If retirement exemption limit not exceeded, Alex can apply exemption and reduce this gain to nil.

Table: Alex's Capital Gains

Asset	Cost	Proceeds	Notional Gain	50% Discount	50% Active Reduction	Assessabl
Land	200,000	350,000	150,000	Yes	Yes	37,500
Goodwill	0	180,000	180,000	Yes	Yes	45,000
Restrictive covenant	0	50,000	50,000	No	Yes	20,000
Depreciating assets	100,000	130,000	Nil	No	No	–

Flowchart: Retirement Exemption Decision

Start -> Assess basic conditions -> Meet active asset test? -> If no, stop. If yes -> Check lifetime cap remaining -> If cap available -> Apply exemption -> Contribute to super within 7 days if under 55 -> End.

End of excerpt.