

Financial services products and solutions

LP2 2025–26 edition

Web update 2: 06 May 2026

Please note the following updates (amendments in **bold**) to your copy of the **LP2** study text:

Chapter 7, section A2, page 7/5

The following text should now read (amendments in **bold**):



Example 7.2

Abioseh bought £10,000 of shares in a UK company in 2006. In 2025/26, he decides to sell the shares when they are valued at £35,000. He has not made any other gains or losses since purchasing the shares and so has a full annual exempt amount of £3,000 to use in 2025/26.

$$\text{Gain} = £35,000 - £10,000 = £25,000$$

$$\text{Chargeable gain} = £25,000 - £3,000 \text{ (annual exempt amount)} = £22,000$$

Abioseh's taxable income for 2025/26 is £33,000 (after the £12,570 personal allowance has been deducted). He, therefore, has £4,700 (£37,700 – £33,000) of his basic rate income band remaining.

The first £4,700 of the chargeable gain is taxed at 18%:

$$£4,700 \times 18\% = \mathbf{£846}$$

The remaining £17,300 of the chargeable gain (£22,000 – £4,700) is taxed at 24%:

$$£17,300 \times 24\% = \mathbf{£4,152}$$

This means that Abioseh's CGT liability on the sale of his shares is:

$$\mathbf{£846 + £4,152 = £4,998}$$