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# FINE WINE TAXATION 2026



SPECIAL  
REPORT

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 **WINECAP**

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## THE ROLE OF TAXATION IN FINE WINE INVESTMENT

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Traditional portfolios typically consist of stocks and bonds, but a wide array of alternative investments can offer additional protection during volatile market periods. Among these, fine wine stands out. As a tangible asset with low correlation to mainstream financial markets, fine wine has consistently delivered double-digit returns and served as an effective hedge against inflation.

As with any asset class, expert guidance is essential when building a fine wine portfolio. WineCap provides investors with deep market insight, proprietary research, and a data-led approach tailored to both new and experienced collectors. Our team monitors global market trends, producer performance, and historical pricing patterns to help clients make informed, strategic decisions.

### CAPITAL GAINS TAX

Fine wine transactions are usually not subject to Capital Gains Tax (CGT).

If the profit from the sale of a single bottle of wine that is not considered a wasting asset (see exemptions below) does not exceed £3,000, CGT will not apply. Where a “set of bottles” is sold to the same individual - either in a single transaction or across multiple linked transactions - the £3,000 gains limit applies to the total sale. A “set” is typically defined as two or more assets sold to the same person where the combined value is greater than the sum of the bottles sold individually, such as when a full case commands a premium over single bottles.

The current annual CGT allowance is £3,000 for individuals and £1,500 for trusts. Gains above these thresholds are taxed at 18% for basic rate taxpayers and 24% for higher rate taxpayers.

While tax treatment of wine investment has remained relatively consistent in recent years, every investor’s circumstances are unique. We always recommend seeking independent professional advice to understand how any transactions may apply to your individual tax position.

There are currently two exemptions for CGT which many investors in fine wine can utilise:

#### 1. Wasting Asset Exemption

Wines with an expected useful life of under 50 years are classed as wasting assets. HMRC may challenge this assumption in cases involving wines intended to be stored for longer durations (e.g. certain fortified wines). To support your position, it is advisable to retain expert evidence at the time of purchase, confirming the expected lifespan of the wine.

#### 2. Chattels Exemption

The Chattels Exemption can be applied where an individual bottle or a “set of bottles” are sold for less than £3,000. Again, we would always recommend professional advice at the time of purchase.

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## THE ROLE OF TAXATION IN FINE WINE INVESTMENT CONTINUED

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### INCOME TAX

Income Tax will not be a consideration for the vast majority of fine wine investors; however, individuals with a significantly high volume of transactions may need to seek professional advice, as HMRC may consider that the individual in question has moved from investing to trading, and that any profits should be subject to Income Tax at up to 45%.

### INHERITANCE TAX

There are no special Inheritance Tax (IHT) advantages in holding a portfolio of fine wines at death. The portfolio will simply be a part of your overall Estate for IHT purposes at the current market value at the time of death.

IHT is charged at 40% on estate value above the £325,000 nil-rate band. This may be increased to £500,000 if you leave your home to direct descendants, and up to £1 million for married couples or civil partners, depending on eligibility and how allowances are structured.

### GIFTING

Fine wine can be a suitable asset for lifetime gifting - particularly when gifts qualify for the Wasting Asset or Chattels Exemptions. As always, individual advice should be sought before making any decisions.

### PAWLEY & MALYON

Established in 1924, Pawley & Malyon is a respected firm of Accountants and Tax Advisors based in the City of London.



T: UK +44 207 060 7500  
T: US +1 310 310 7610  
hello@winecap.com  
www.winecap.com

Registered Office:  
WineCap Limited, Salisbury House,  
London, United Kingdom, EC2M 5SQ

Company No. 08480079  
VAT No. GB174 8533 80  
AWRS No. XCAW00000119418  
WOWGR: GBOG174853300

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