

Capital Gains Tax Considerations

Tax year of separation

Transfers of assets between husband and wife are treated as being on a 'no gain, no loss basis' in the tax year of separation.

This applies even if the transfer takes place after separation.

After the tax year of separation

Hold over Relief

It is possible to claim hold over relief on the gift of business assets, whereby any capital gain arising on the transfer is held over until the recipient of the gift eventually disposes of it. Where the transfer of assets is made under the direction of the Court, HMRC accepts that holdover relief may be available.

Sale of shares and Entrepreneurs' Relief on the disposal of shares

Entrepreneurs' Relief reduces the rate of capital gains tax to 10% on the first £10 million of lifetime gains arising on qualifying business disposals.

Eligibility

In order for a disposal of shares to qualify for this relief, the following conditions must be met for the period of one year ending with the date of the disposal:

- the company must have been the seller's personal company and either a trading company or the holding company of a trading group; and
- the seller must have been an officer or employee of the company, or one of the companies within the group

For further information on Entrepreneurs Relief go to www.hmrc.gov.uk/cgt/businesses/reliefs.htm