



*Eatons*

## Tax on Capital Gains – How Entrepreneurs' Relief Works

From 6 April 2008 disposals of qualifying businesses and business assets are eligible for Entrepreneurs' Relief.

In simple terms, it allows business owners to reduce their Capital Gains Tax liability to the equivalent of 10 percent of the chargeable gain.

The following notes will give you some idea of the conditions attached to Entrepreneurs' Relief. The list is not exhaustive.

1. Relief is only available to individuals;
2. Disposal can include all or part of a business;
3. Disposal must include the sale of shares in the owner's company;
4. The person making the disposal needs to own at least 5 percent of the voting shares and be an officer or employee;
5. The company must be a trading company; and
6. All qualifying conditions must be met for at least 12 months.

### **Relief does not apply:**

- to the sale of assets without the sale of the business; or
- on the cessation of trade.

The relief will be available to set off against any number of qualifying gains up to a lifetime limit of £1 million.

**Contact Jeremy Parker for advice on all aspects of commercial property, Tel: 01274 728 327**

### **EATONS SOLICITORS**

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