

## **New tax relief for small business owners**

The Chancellor Alistair Darling has announced a new 'entrepreneurs' relief' on capital gains tax for small business owners and investors. The move cuts the capital gains tax rate from the planned 18% to 10% on lifetime gains of up to £1 million - but Simon Dakin of Actons, warned that not everyone will benefit.

Simon Dakin said "It's certainly welcome as small businesses can now plan for the future with a clear idea of their tax situation, but not all business owners will benefit financially - there will be winners and losers under the new rules."

In October last year, the Chancellor gave second home owners cause for celebration when he announced plans to cut capital gains tax to a flat rate of 18%, down from 40%. But at the same time he scrapped taper relief, which can result in rates as low as 10% and indexation allowance - a real blow for business.

The new relief takes effect from 6 April 2008 and applies to cumulative gains made in connection with the disposal of a trading business, including certain disposals of shares in trading companies. The first £1 million of gains will be charged at 10%, with a rate of 18% applying to gains over £1 million.

Simon Dakin said, "Following the Pre-Budget Report there was real concern from small business owners who had built up a business over a lifetime and hoped to sell their firms and realise the proceeds for retirement. The latest CGT changes are likely to benefit these people. The picture is not so clear for those who start, develop and sell several businesses in their lifetime. Neither does it offer a great deal for larger businesses. It pays to carefully consider how the new regime will affect your tax liability and to plan for the future"

For professional advice on how to plan a tax-efficient future, please contact Simon Dakin on 0115 9 100 200 to discuss your circumstances.



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