

Keep ahead of the Spring 2021 Budget

With potential changes to Capital Gains Tax and Inheritance Tax in the pipeline, what steps should you take now to be in a better financial position before the Spring 2021 Budget?



Below are 3 tax areas for you to consider for your business. [Contact our team today](#) for more information.



Extraction of Funds

Annual tax planning for business owners includes consideration of the most tax efficient method for extracting profits. For businesses with sufficient reserves, they may want to consider an additional dividend in 2020/21 given the possibility of increases in income tax rates.



Investment for Growth

The Annual Investment Allowance (AIA) is currently capped at £1,000,000 and was to revert to a cap of £200,000 from 1 January 2021. However, it was recently announced that the cap is to remain at £1,000,000 until 1 January 2022. The government clearly hopes that this measure will boost business confidence and remove any disincentive to invest in new plant or machinery.



Future Ownership

The next generation - If there is a family business, have you considered succession planning recently? You might want to consider the transfer of shares to the next generation at this time. The transfer of shares in qualifying businesses can currently be made without incurring a capital tax charge given the availability of CGT holdover relief and IHT business property relief on gifts of business assets. There is no certainty that these reliefs will continue to be available in their current form

Sale of a business - Have you come to the decision that it is the right time to sell your business. From a tax point of view, you want to make sure that Business Asset Disposal Relief (BADR) is available and that gains on sale are subject to a 10% Capital Gains Tax rate, but this rate may change in the Spring 2021 Budget.

If you are considering selling your business contact us to discuss your options. Our [Corporate Finance](#) and Tax teams have deep experience delivering business exits and can advise on all financial and tax aspects of a deal including advising on exit options, running full exit process and tax structuring.

If you would like more information about how you can utilise current reliefs ahead of the Spring 2021 Budget, [contact our team today](#).

