

## OPPORTUNITIES FOR SMALL BUSINESSES

### DISINCORPORATION RELIEF

Disincorporation Relief is intended to apply to disincorporation's of companies between 1 April 2013 and 31 March 2018. Disincorporation relief will enable small companies to revert to unincorporated status without suffering Capital Gains Tax (CGT).

For shareholder-owned companies with land or goodwill worth less than £100,000, a disincorporation relief will be available where the company can transfer the trade and assets to the individual shareholders without any CGT charges. These items would have previously been treated as if they were sold at market value, leaving the company with Corporation Tax liability on any gain.

### CASH ACCOUNTING BASIS

Disincorporated businesses may also benefit from a new legislation for unincorporated businesses that have annual cash receipts below the VAT threshold. Sole traders and partnerships within the criteria will be able to elect to be taxed on a cash receipts basis from 1 April, rather than on an accruals basis.



### THE BENEFITS

The new opportunities available are likely to be particularly attractive to husband and wife teams or other small businesses which were advised to incorporate their businesses when there was a corporation tax rate of 0% on the first £10,000 of profits. Disincorporation Relief provides a 'way out' for small businesses that are 'stuck in the loop'. Please seek professional advice for further information on these topics.