

Further changes to CGT  
regime announced!

10% rate on gains up to  
a ceiling of £1m

18% on gains thereafter

New 'Entrepreneurs' re-  
lief to be introduced from  
6 April 2008

## UHY TAX BRIEFING

### Changes to UK Capital Gains Tax

On 24 January 2008, the Chancellor announced further changes to the CGT regime to take effect from 6 April 2008 and also introduced a new relief to be termed 'Entrepreneurs' relief.

#### CAPITAL GAINS TAX REFORM

In our October 2007 Tax Briefing we announced wide sweeping changes were to be introduced to the UK CGT regime from 6 April 2008. The Chancellor has now announced some changes to those proposed earlier.

This briefing explains these changes and how they may effect you.

From 6 April 2008 the Capital Gains tax as we have come to know it will be significantly different.

Although there will be a flat rate of 18% payable on chargeable gains, there will also be additional relief in the form of "*Entrepreneurs' relief*" (see below).

Taper and indexation relief (which could result in a 10% tax rate on gains) are still to be abolished.

Individuals who are non-UK domiciled but tax resident will loose the CGT advantages on their offshore assets and trusts that they may have enjoyed in the past.

#### ENTREPRENEURS' RELIEF

This relief is very similar to the retirement relief some may remember. It would seem to be aimed at helping business owners who would have been harshly affected.

The relief is to be given in two parts:

- A 10% rate on the sale of one or more businesses up to a ceiling of £1m. This £1m ceiling is a lifetime limit so an entrepreneur has his lifetime to reach this.
- Gains, once this lifetime limit is reached, will be taxed at 18%.

#### OUR VIEW

It is encouraging to note the further clarity regarding the rates of tax to be charged on gains, especially for those owning businesses.

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## REMINDER OF KEY CHANGES FROM PREVIOUS BUDGETS

### Reform of personal tax rates

The Chancellor announced changes to the structure of personal income tax from 6 April 2008. Although described as simplification, the income tax changes will not reduce the number of rates, but rather will limit the application of the 10% starting rate.

#### From 6 April 2008

10% band	Only applicable to savings income
20% band	On all other income and savings income exceeding 10% band. Rate down from 22%
Marginal tax to 40%	On all income exceeding the 10% and 20% bands

### Changes to tax filing dates

Currently self assessment tax returns have to be filed by 31 January following the end of the relevant tax year. From 6 April 2008, the filing dates are:-

For paper returns - 31 October

For returns filed online - 31 January