



## EMERGENCY BUDGET DATE ANNOUNCED 22 JUNE 2010

### CAPITAL GAINS TAX (CGT) TO RISE . . .

The coalition agreement declares that the two parties will:

"agree to seek a detailed agreement on taxing non-business capital gains at rates similar or close to those applied to income, with generous exemptions for entrepreneurial business activities".

Three key points are worth noting:-

- (1) "Non-Business" Capital Gains taxes are likely to be at 40% or even 50% for larger gains; and
- (2) "Entrepreneurial Business Activities" is not defined. Will it change, and can the coalition afford to be as generous as the existing rules allowing a maximum of £2m to be taxed at an effective 10% for almost any business?; and
- (3) The Annual CGT exemption for "small" gains may well, in a coalition compromise be halved to £5,000 or even less.

Therefore, almost everyone owning any type of capital asset needs to consider their position.

In particular, if you have:-

- business assets "pregnant" with large capital gains;
- non-business assets "pregnant" with any size capital gain; or
- a trust with "stockpiled" gains,

then you need to consider if you should act swiftly to

- consider if anything can be done to mitigate the increase; and
- implement any planning you decide is relevant.

You will be pleased to hear that we have a range of suggestions and options available for both smaller and larger CGT issues, a selection of which can either:-

- trigger a "disposal" for CGT purposes now for sales in the pipeline that will not complete until after 22/6; and/or
- mitigate CGT on private company share sales; or
- mitigate CGT on property portfolios held personally; or
- mitigate CGT on large "equity" portfolios held personal; or
- protect and/or fully utilise family exemptions and lower rates of tax

The message is clear, you have a very short window of opportunity to consider your position and if relevant take action. Please remember that the detail of the legislation is still unknown.

If you would like to discuss your own specific circumstances, please do contact either

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