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Guidance

HS275 Entrepreneurs' Relief (2017)

Updated 6 April 2017

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This helpsheet provides information to help you decide if you're entitled to Entrepreneurs' Relief. It provides a guide to straightforward situations, but doesn't cover all cases. You can get help from your tax adviser. You can also consult the HM Revenue and Customs (HMRC) Capital Gains Tax Manual (<http://www.hmrc.gov.uk/manuals/cgmanual/index.htm>) which contains sections (CG63950 to CG64171) that explain the rules in more detail.

What Entrepreneurs' Relief is

Entrepreneurs' Relief reduces the amount of Capital Gains Tax on a disposal of qualifying business assets on or after 6 April 2008, as long as you've met the qualifying conditions throughout a one-year qualifying period either up to the date of disposal or the date the business ceased. Qualifying capital gains for each individual are subject to a lifetime limit as follows:

- for disposals on or after 6 April 2008 to 5 April 2010, £1 million
- for disposals on or after 6 April 2010 to 22 June 2010, £2 million
- for disposals on or after 23 June 2010 to 5 April 2011, £5 million
- for disposals on or after 6 April 2011, £10 million

Who can claim relief

Entrepreneurs' Relief is available to individuals and some trustees of settlements, but it's not available to companies or personal representatives of deceased persons or in relation to a trust where the entire trust is a discretionary settlement. Please see Qualifying conditions for more information on qualifying conditions for trustees of settlements.

Claims

Entrepreneurs' Relief must be claimed, either by the individual or, in the case of trustees of settlements, jointly by the trustees and the qualifying beneficiary. You must make a claim to HMRC in writing by the first anniversary of the 31 January following the end of the tax year in which the qualifying disposal takes place.

For a qualifying business disposal in the tax year 2016 to 2017 (ending on 5 April 2017) a claim for Entrepreneurs' Relief must therefore be made by 31 January 2019. A claim to Entrepreneurs' Relief may be amended or revoked within the time limit for making a claim.

Husbands, wives, or civil partners are separate individuals and may each make a claim. They're each entitled to Entrepreneurs' Relief up to the maximum amount available for an individual (see Individuals), provided that they each satisfy the relevant conditions for relief (see Qualifying conditions).

How to claim

Individuals

If you can do so you should claim Entrepreneurs' Relief in your 2016 to 2017 tax return. If you can't make your claim in your 2016 to 2017 tax return then a claim may be made to HMRC either in writing or by filling in Section A of the Claim for Entrepreneurs' Relief

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415259/HS275_Claim_form__2015_.pdf) form.

Trustees of a settlement

A claim by the trustees of a settlement must be made jointly with the qualifying beneficiary for a trustees' disposal. Joint claims may be made to HMRC in writing or by filling in the Claim for Entrepreneurs' Relief (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415259/HS275_Claim_form__2015_.pdf) form. Section A should be completed by the qualifying beneficiary and the trustees should complete Section B.

Amount of relief

If you're entitled to Entrepreneurs' Relief, qualifying gains (see below) up to the lifetime limit applying at the time you make your disposal, will for disposals made on or before 22 June 2010, be reduced by 4/9 and the net amount charged to Capital Gains Tax at the rate of 18% or for disposals made on or after 23 June 2010, be charged to Capital Gains Tax at the rate of 10%.

If the qualifying gains together with all previous gains on which Entrepreneurs' Relief has been claimed, exceed the lifetime limit applying at the time you make your disposal, the whole of the excess will be taxable at the normal rate of Capital Gains Tax at the time your gains accrue. The calculation of the relief is described in more detail at How the relief is calculated.

Individuals

Claiming relief

To claim Entrepreneurs' Relief you have to meet the relevant qualifying conditions throughout a period of 1 year. This period is referred to in this helpsheet as the 'qualifying period'. It ends with the date when you disposed of the asset, or an interest in the asset for which you want relief, or the date when the business ceased, if that was earlier.

You can claim relief, subject to the conditions set out below, on a disposal of assets (including disposals of interests in these assets) which fall into the following categories:

- assets (with the exception, in some circumstances, of goodwill) used in the business comprised in a disposal of the whole or part of your business (see Qualifying conditions), whether you carried on the business on your own or in partnership (see Example 2) – qualifying business assets include business premises – not included within this category are shares and securities (see the third bullet of this list) and any other assets held as investments (see Example 1)
- assets that were in use for your business, or a partnership of which you were a member, and were disposed of within the period of 3 years after the time the business ceased – again, this category excludes shares and securities (but see the next bullet) and any other assets of the business held as investments
- one or more assets consisting of shares in, or securities of, your 'personal company' (see below) – the shares must be disposed of either (i) while the company is a trading company or, where you hold shares in a holding company of a group, the group of companies is a trading group or, (ii) within 3 years from the date it ceased to be either a trading company or a member of a trading group (see Example 3)
- assets owned by you personally but used in a business carried on by either (i) a partnership of which you are a member, or (ii) by your personal trading company (or by a company in a trading group, the holding company of which is your 'personal company' (see below)) – the disposal will only qualify as long as it is associated with a qualifying disposal of either your interest in the partnership or of shares/securities in the company (qualifying disposals which fall into this category are referred to as 'associated disposals')

References above to 'business' includes any trade or profession, but don't include the letting of property unless this is furnished holiday lettings in the UK or European Economic Area (EEA). See page UKPN 2 in the UK property notes (<https://www.gov.uk/government/publications/self-assessment-uk-property-sa105>) for guidance on furnished holiday lettings in the UK or EEA.

The conditions which attach to the various qualifying categories are explained in greater detail below.

Qualifying conditions

To claim relief you have to satisfy a number of conditions throughout the 'qualifying period'. The qualifying conditions depend on the type of disposal you've made.

Disposal of the whole or part of your business

You must have owned the business directly or it must have been owned by a partnership in which you were a member. Entrepreneurs' Relief is not available on the disposal of assets of a continuing business unless they're comprised in a disposal of a part of the business. See CG64015+ (<http://www.hmrc.gov.uk/manuals/cgmanual/CG64015.htm>).

Disposal of goodwill of your business

If you dispose of the whole or part of your business on or after 3 December 2014 to a close company in which you and any 'relevant connected person' own 5% or more of the ordinary share capital then any gain on goodwill included in that disposal will not be eligible for Entrepreneurs' Relief. Broadly, a close company is one which is controlled by 5 or fewer participants (such as, shareholders). This rule however won't apply if you dispose of the shares of the close company within 28 days of the disposal of your business to a company in which you and any relevant connected person hold less than 5% of the ordinary share capital. Even when this rule applies, gains on other assets may be eligible for Entrepreneurs' Relief.

Disposal of assets following cessation of your business

You must have owned the business directly or it must have been owned by a partnership in which you were a member throughout the qualifying period that ends on the date the business ceased. Additionally, the date the business ceased must be within the period of 3 years before the date of disposal of the asset.

If the asset in question was owned by you, but was in use by either a partnership of which you were a member or by a company at the time the business ceased, you may still claim the relief if this qualifies as an associated disposal.

Disposal of shares in or securities of your personal company

If the business is owned by a company in which you dispose of the shares or securities, then throughout the qualifying period of 1 year the company must be:

- your personal company (see below)
- either a 'trading company' or the holding company of a 'trading group'

You must be either an officer or employee of that company (or an officer or employee of one or more members of the trading group).

A company is your personal company if you hold at least 5% of the ordinary share capital and that holding gives you at least 5% of the voting rights in the company. It's possible for shares acquired under the Enterprise Management Incentive Scheme to qualify for Entrepreneurs' Relief where the 'personal company' requirement is not met (see guidance at CG64052 (<http://www.hmrc.gov.uk/manuals/cgmanual/CG64052.htm>)).

From 18 March 2015, the definition of 'trading company' or the holding company of a 'trading group' is subject to restrictions based on whether the company holds shares in a joint venture company or is a member of a partnership. These restrictions depend upon the indirect interest held by the individual claimant in the joint venture company or the assets/profits of the partnership. Further detail is available at CG64055 (Entrepreneurs' Relief: trading company and holding company of a trading group) (<https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg64055>).

The 1 year qualifying period ends generally on the date of disposal of the shares or securities. The exceptions are where the company ceases to be a trading company, or to be a member of a trading group, within the period of 3 years before the date of disposal. In such cases the qualifying period ends on the date the company ceased to qualify as a trading company or a member of a trading group.

The relief is also available where either:

- the company is wound up and dissolved with your shares being cancelled and a capital distribution is made in the course of that winding up
- any other capital distribution is made

In these cases, the qualifying conditions must all be met throughout the year ending with either:

- the date on which the capital distribution is made
- if earlier, the date of cessation of the trading qualification and the capital distribution is made within 3 years of the cessation

An 'associated disposal'

To be an 'associated disposal' a disposal must take place in association with your withdrawal from a business carried on by either:

- a partnership of which you're a member

- your 'personal' trading company in which you're an officer or employee

This means that Entrepreneurs' Relief won't be due unless a disposal of an asset by you is associated with a reduction of your interest in the assets of the partnership, or a disposal of shares in your personal company (this 'material disposal' is what is meant by 'withdrawal') that itself qualifies for Entrepreneurs' Relief. It's not necessary for you to actually reduce the amount of work which you do for the business. If the disposal was made on or after 18 March 2015, the reduction of interest in the value of the assets of the partnership or the shareholding or value of securities must be at least 5%.

If you dispose of all of your interest in the assets of a partnership but it's less than 5% then relief may still be possible on an associated disposal if you held 5% or more throughout 3 years during the 8 years ending with the date of the disposal. Relief is denied from that date where there are arrangements for the claimant or a person connected with them to acquire the shares, securities or partnership interest (but this doesn't include the material disposal itself).

For example, you personally own a shop from which you trade in partnership. You have a 3/5 interest in the assets of the partnership and your partner 2/5. You reduce your involvement in the business so the interest is altered to 1/5 for you and 4/5 for your partner.

You also sell the shop to your partner. You continue to work full-time in the shop. In this case your reduction of your partnership interest represents a withdrawal from participation in the business and the disposal of the shop is associated with that withdrawal.

The 'associated' asset must have been in use for the purpose of the business throughout the period of 1 year up to the date of your withdrawal, or if earlier, the cessation of the business. The asset must also have been owned by you throughout a period of 3 years ending with the date of disposal if it was acquired on or after 13 June 2016:

The amount of gain eligible for Entrepreneurs' Relief on a disposal of an 'associated' asset may be restricted in cases where either:

- the associated asset was in business use for only part of the time you owned it
- only part of the associated asset was in business use during the period you owned it
- you were involved in the carrying on of the business for only part of the period during which the associated asset was in business use
- some of the period during which the associated asset was in use for the business falls after 5 April 2008 and for that period after 5 April 2008 you received any form of rent for letting the business use it

Where one or more of these circumstances apply, only a just and reasonable proportion of the gain will qualify for relief. The periods involved and the level of any rent paid will be taken into account when working out this proportion. See Example 4.

Please note: In the following Examples 1 to 4 assume that you have no other gains eligible for Entrepreneurs' Relief.

Example 1

You dispose of your manufacturing and retail business which you had owned for the last 8 years. The purchaser is a company in which you and your family have no interest. You make gains and losses on the business assets as follows:

Factory premises	£1.25 million
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Goodwill	£1.3 million
Retail shop loss	(£500,000)
Shares	£800,000

The gains and losses on the factory premises, the goodwill and the shop are aggregated and will together qualify for Entrepreneurs' Relief which will be due for the net gain of £2.05 million. The gain on the shares is not aggregated with the gains or losses on the other business assets. Entrepreneurs' Relief may be due for the gain on the shares if the conditions are met for shares to qualify for the relief.

Example 2

You have been a partner with 3 other persons in a trading business for several years. Each partner had a 25% interest in the partnership's assets. You retire and dispose of your 25% interest in the assets of the business, which continues, to the other partners. All of your gains will qualify for Entrepreneurs' Relief because you have disposed of the whole of your interest in the assets of the partnership.

Example 3

In September 2016 you dispose of the shares you had owned for the last 20 years in a company of which you were a director. You owned 20% of the shares of the company that entitled you to 20% of the voting rights. You made a gain of £860,000. The company had been a trading company but its trade ceased in August 2014 and the company then ceased to qualify as a trading company. Your gain will still qualify for Entrepreneurs' Relief because the disposal was made less than 3 years after the company ceased to qualify as a trading company.

Example 4

On 5 April 2017 you sell the shares in your personal company in which you have been a director and shareholder since 2007. You make gains of £8 million on the sale of your shares. You also personally owned the premises which you purchased on 6 April 2007 and from which date the company trades. The company paid you a full market rent from 6 April 2014 but no rent was paid before this date. You make a gain of £4.5 million on the disposal of the premises. This is a gain on the 'associated disposal'.

Your gain on the disposal of your shares and your gain on the disposal of the premises qualify for relief. However, because you owned the premises personally and for part of the period a full market rent was paid to you by the company, a proportion of the gain relating to the premises will not attract relief. Only the period for which rent was paid after 5 April 2008 is taken into account in restricting the amount of the £4.5 million gain which qualifies for relief. This would be 3 of the 10 years the property was in use for the business. A 'just and reasonable' figure in these circumstances would be:

Total gain on the sale of the premises		£4.5 million
Gain accruing for 7 years of use from 6 April 2007 to 5 April 2014	£4.5 million x 7/10	£3.15 million

Gain accruing for 3 years of use when rent paid by company from 6 April 2014 to 5 April 2017	£4.5 million x 3/10 not eligible for Entrepreneurs' Relief	£1.35 million
Gain on premises on which Entrepreneurs' Relief may be available		£3.15 million
Plus gain on disposal of shares on which Entrepreneurs' Relief may be available		£8 million
Total gains on which Entrepreneurs' Relief may be available		£11.15 million

If you haven't used up any of your lifetime limit on earlier claims, £10 million of the total £11.15 million gains eligible for relief will attract Entrepreneurs' Relief.

Trustees of settlements

The disposals trustees of settlements can claim relief on

Entrepreneurs' Relief may be available to trustees of settlements who dispose of trust property that consists of either shares in, or securities of, a qualifying beneficiary's personal trading company, or assets used in a qualifying beneficiary's business.

The relief will only be available if there's an individual with a life or absolute interest in possession under the trust, or under the part of the trust which includes the property in question (a 'qualifying beneficiary'), and in regard to particular asset disposals, the conditions below are satisfied.

Disposal of shares in or securities (or interests in shares or securities) of a company

The conditions that must be satisfied are that:

- the company must have been the qualifying beneficiary's personal company, and a trading company (or holding company of a trading group) for at least 1 year ending either on the date of the trustees' disposal of the shares or securities or no earlier than 3 years before the date of the disposal
- throughout the same 1 year period the qualifying beneficiary must have been an officer or employee of that company (or an officer or employee of one or more members of the trading group)

See Disposal of shares in or securities of your personal company for an explanation of the term 'personal company'. Please note that the requirement that the company qualifies as the 'personal company' of the qualifying beneficiary means that Entrepreneurs' Relief won't be available where the entire share capital of a trading company is owned by a trust.

Disposal of assets (or interests in assets) used for the qualifying beneficiary's business

The following conditions must be satisfied:

- the asset must have been used for the qualifying beneficiary's business for at least 1 year ending within the 3 years up to the date of the trustees' disposal of the asset
- the qualifying beneficiary must have ceased to carry on that business on the date of the disposal or within the period of 3 years before the date of disposal

Claims by trustees

See Claims for details of how trustees must make claims to Entrepreneurs' Relief.

Other information about trusts relevant to Entrepreneurs' Relief

Relief given to the trustees of a settlement will reduce the beneficiary's entitlement to relief up to his lifetime limit of qualifying gains applying at the time of the disposal.

If there are any other beneficiaries of the trust who have interests in possession, only part of the gain will qualify for relief. That part is the proportion which the qualifying beneficiary's interest in the income of the trust (or the part of the trust which includes the property disposed of) bears to the interests in that income of all the other beneficiaries with interests in the trust (or the relevant part of the trust) at the date the qualifying period ends.

Example 5

You have a life interest in a settlement that owns a farm. There are other beneficiaries and you're entitled to only 25% of the income arising from the farmland.

You began farming the land owned by the settlement on 6 April 1997. You ceased to farm the land on 5 April 2016. On that day the trustees of the settlement sell the land giving rise to a gain of £320,000. You haven't made a prior claim for Entrepreneurs' Relief. The trustees and you jointly claim Entrepreneurs' Relief.

The trustees' gain that is eligible for relief is restricted to £80,000 because you were entitled to only 25% of the income from the farmland – $£320,000 \times 25\% = £80,000$. As a result of the claim your Entrepreneurs' Relief lifetime limit is reduced to £9.92 million (£10 million less £80,000).

If the trustees of a settlement and the qualifying beneficiary make disposals on the same day that both qualify for Entrepreneurs' Relief, the relief is given on the beneficiary's disposal in priority to the trustees' disposal. If the beneficiary's gains exhaust the maximum lifetime limit applicable at that time for which relief is available, no relief is given on the trustees' disposal.

How the relief is calculated

Where a claim for Entrepreneurs' Relief has been made and the necessary conditions have been satisfied, the qualifying gains and qualifying losses for the qualifying business disposal in question are aggregated to result in a net figure. If the aggregate net figure is a gain, this is the amount on which the relief is worked out – see Examples 1 and 6.

For 2016 to 2017 this 'net gain', up to the lifetime limit, is then chargeable at the Entrepreneurs' Relief rate of Capital Gains Tax of 10%.

Example 6

You have not made a previous claim for Entrepreneurs' Relief. You have operated 2 separate businesses for some years and decide to sell up. You dispose of the first business on 31 May 2016. You make a gain of £440,000 on the disposal of goodwill, but a loss of £80,000 on the disposal of the

premises. All the conditions are met for Entrepreneurs' Relief which you claim. The gain and the loss are aggregated so relief is applied to the net gain of £360,000, which is subject to tax at the Entrepreneurs' Relief rate of Capital Gains Tax of 10%.

The loss of £80,000 on the premises has been fully used in calculating the Entrepreneurs' Relief, so isn't otherwise allowable to be deducted from other capital gains.

You then dispose of your second business to an individual on 31 December 2016. You make gains of £100,000 on the disposal of goodwill, £580,000 on factory premises but a loss of £50,000 on a small warehouse. All the conditions are met for Entrepreneurs' Relief which you claim. Again the gain and the loss are aggregated so relief is applied to the net gain of £630,000.

This net chargeable gain of £630,000 is charged at the Entrepreneurs' Relief rate of Capital Gains Tax of 10%. Again the loss of £50,000 on the warehouse has been fully used in calculating the Entrepreneurs' Relief, so isn't otherwise allowable to be deducted from other capital gains.

Maximum relief

The maximum qualifying net gains which may benefit from Entrepreneurs' Relief is restricted to a lifetime limit from all qualifying disposals. It's not an annual limit.

Entrepreneurs' Relief may be claimed on more than one qualifying disposal as long as the lifetime limit of qualifying gains, applicable at the time you make the disposal, is not exceeded. Therefore, because you may be entitled to relief on more than one occasion, it's important that you keep a record of the gains against which you may have previously made a claim.

Qualifying gains exceeding the lifetime limit

If your qualifying net gains exceed the lifetime limit applicable to the time you make that disposal, no further relief is due and the excess over that amount is wholly chargeable at the Capital Gains Tax rate (10% or 20% for disposals - other than of residential property or carried interest which remain at 18% or 28% - made on or after 6 April 2016).

Example 7

You sold your pharmacy business, which you had run for 12 years, to an unrelated company. You're liable to tax at the higher rate. You realised gains of £13.25 million. You haven't previously claimed any Entrepreneurs' Relief. Your available maximum relief is on qualifying gains of £10 million, so you're entitled to the whole of your lifetime limit. The balance of the gain of £3.25 million will be liable to the normal rate of Capital Gains Tax (20%).

You have no other gains or allowable losses during the year. The Annual Exempt Amount (where due) is £11,100 for 2016 to 2017.

Total qualifying gains	£13.25 million	
Gains attracting Entrepreneurs' Relief	£10 million	
Balance of gains chargeable at 'normal' rate		£3.25 million
Minus Annual Exempt Amount		£11,100

Gains chargeable at 20%

£3.2389 million

The Annual Exempt Amount is allocated in the most beneficial way, so is set first against gains having the highest rate of Capital Gains Tax. If you make a subsequent business disposal in a later year which qualifies for Entrepreneurs' Relief, the total relief (for all years) is still limited to your lifetime limit. Any gains exceeding that limit are wholly chargeable at the normal rate of Capital Gains Tax.

Example 8

The facts are as Example 7, with the disposal being made in May 2015, except that you realised gains on the disposal of the pharmacy of only £7 million all of which qualified for Entrepreneurs' Relief.

You have also been running another very successful business as a travel agent for over 20 years, which you sold in 2016 to 2017 making gains of £4.6 million. You make a second claim for Entrepreneurs' Relief but only £3 million of these gains will be eligible for the relief as this then uses up the remaining part of your lifetime limit of Entrepreneur's Relief which is, at this time, £10 million.

2015 to 2016	
Lifetime limit (at May 2015)	£10 million
Gain 1: 2015 to 2016 qualifying gains	£7 million
Remaining amount eligible for relief	£3 million
2016 to 2017	
Gain 2: 2016 to 2017 qualifying gains	£4.6 million
Entrepreneurs' Relief	£3 million charged at 10%
Lifetime limit remaining	£0
Balance of gains charged at 'normal' Capital Gains Tax rates	£1.6 million

Husband and wife, or civil partners

Husbands and wives, and civil partners, are treated separately for Entrepreneurs' Relief. Each person is entitled to relief up to the maximum lifetime limit of qualifying gains, provided the relevant conditions are satisfied.

Where you hold shares jointly with another person, whether that is your husband, wife, civil partner or someone else, in deciding whether the company is your personal company you are treated as holding the appropriate proportion of the total holding and associated voting rights.

For example:

- where a husband and wife own the entire ordinary share capital of a company jointly and equally, they're each treated as holding 50% of the shares and 50% of the voting rights, so both will meet the 5% holding and voting requirements for Entrepreneurs' Relief
- where a husband and wife own 9% of the ordinary share capital of a company jointly and equally, they're each treated as holding 4.5% of the shares and 4.5% of the voting rights, so neither will meet the 5% holding and voting requirement for Entrepreneurs' Relief

Reorganisations and exchanges

Under the Capital Gains Tax rules, if shares in one company are exchanged for shares in another company the original shares may, subject to certain conditions, be treated as equivalent to the new holding of shares. Where this treatment applies the exchange doesn't count as a disposal of the original shares. Any gain up to the date of exchange will be taxable only when the new holding of shares is disposed of, see Helpsheet 285 Share reorganisations, company takeovers and Capital Gains Tax (<https://www.gov.uk/government/publications/share-reorganisations-company-takeovers-and-capital-gains-tax-hs285-self-assessment-helpsheet>).

You may exchange shares in your personal trading company for shares in another company. If you do this, and would have qualified for Entrepreneurs' Relief at the time of the exchange, you may elect that the rules about exchanges, outlined above, don't apply. You will then be treated as disposing of the shares in your personal company at the time of the exchange and Entrepreneurs' Relief may then be claimed against any gain arising on that disposal. The election must cover all of the shares, you can't elect for only part of the shares to be treated in this way.

You must make this election in writing to HMRC by the first anniversary of the 31 January following the end of the tax year in which the qualifying disposal takes place. So for the tax year 2016 to 2017 (ending on 5 April 2017), you must make an election by 31 January 2019. You can consult the HMRC Capital Gains Tax Manual which contains a specific section (CG64155 (<http://www.hmrc.gov.uk/manuals/cgmanual/CG64155.htm>)) that explains this in more detail.

Deferred gains

The Capital Gains Tax rate(s) on a gain you made on a disposal before 3 December 2014, including gains which have been reduced by 4/9 for Entrepreneurs' Relief, where the charge on that gain has been deferred to 2016 to 2017 will be the rates(s) at the time the deferral ends and the gain becomes liable to tax. Gains on disposals before 23 June 2010 which are deferred until 23 June 2010 or later will therefore be liable to Capital Gains Tax at the 18% or 28% rates (10% or 20% on or after 6 April 2016), in the same way as gains arising on disposals on or after that date.

Where you've exchanged shares or securities in a company for Qualifying Corporate Bonds and you've calculated a gain that would have arisen at the time of the exchange, or a gain arising to you on disposal of an asset has been reinvested in shares qualifying for relief under the Enterprise Investment Scheme ('EIS shares') or for Social Investment Tax Relief (SITR), Entrepreneurs' Relief may still be due on any gain attached to the original shares. However, the way in which Entrepreneurs' Relief applies to such gain has changed with effect from 23 June 2010. You can consult the HMRC Capital Gains Tax Manual (<http://www.hmrc.gov.uk/manuals/cgmanual/index.htm>) which contains specific sections (CG64135 and CG64155 to CG64171) that explains this in more detail.

Gains on disposals made on or after 3 December 2014 can be deferred under the rules for either the EIS or SISR and a claim to Entrepreneur's Relief made at the later time when those gains become taxable (for instance when the EIS shares are sold). Eligibility for relief will be determined under the rules which applied at the time of the first disposal.

Deferred gains occurring before 6 April 2008 but coming into charge after that date

Where before 6 April 2008 you either have a gain calculated at the time of the exchange of shares or securities in a company for Qualifying Corporate Bonds, or a gain arising on the disposal of an asset which has been reinvested in shares qualifying for relief under the EIS, the gain for the original asset will have been deferred.

If that deferred gain is then treated as arising on or after 6 April 2008, Entrepreneurs' Relief may be claimed for that gain provided that Entrepreneurs' Relief would have been available on the original gain had that relief existed at the actual time at which that gain arose. If you want to claim relief for such gains, then you must do so by reference to the first occasion after 6 April 2008 when the deferred gain is treated as arising. So, if such a gain arises in 2016 to 2017 and you want to make a claim to Entrepreneurs' Relief you must do so by 31 January 2019.

Such a claim will form part of your maximum lifetime limit of gains qualifying for relief. You can consult the HMRC Capital Gains Tax Manual (<http://www.hmrc.gov.uk/manuals/cgmanual/index.htm>) which contains specific sections (CG64166 to CG64171) that explains this in more detail.

Filling in the Capital Gains Tax summary pages

The Capital Gains Tax summary notes (<https://www.gov.uk/government/publications/self-assessment-capital-gains-summary-sa108>) explain how to include chargeable gains where there has been a claim to Entrepreneurs' Relief.

Contact

Online forms, phone numbers and addresses for advice on Self Assessment (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/self-assessment>).

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