

TIMING OF DISPOSALS AND ELECTIONS FOR CAPITAL GAINS TAX

2024 saw an increase in the main rates of Capital Gains Tax (CGT) for disposals taking place on or after 30 October 2024 (now 18% and 24%). It was also announced that the rate of CGT on Business Asset Disposal Relief (BADR) gains would increase from 10% to 14% from 6 April 2025, with a further increase to 18% planned from 6 April 2026. The upcoming change means that getting the timing of BADR-qualifying disposals wrong could mean you paying more CGT.

As a general rule, the disposal date for CGT purposes, for unconditional contracts, is when the contract is entered into, rather than the time that it is completed. New rules prevent using unconditional contracts to secure the lower rates of CGT. There are also new rules that prevent using elections to lock in the lower rate of CGT when share exchanges or reorganisations take place. If you are planning to make a BADR-qualifying disposal, please speak to us so that we can help you avoid any pitfalls!