

Selling a Buy to Let (BTL) and Capital Gains Tax (CGT)

A higher rate Tax payers domiciled in the UK selling a BTL may generate a chargeable event. Enterprise Investment Schemes (EIS) may be able to help manage that chargeable gain and mitigate the tax position.

- > The Capital Gain from the sale of the BTL is expected to be in the region of £100k net.
- > The CGT charge is expected to be £28k.
- > There may also be an Inheritance Tax (IHT) position to consider.

Option 1 – Defer the whole Gain



It is important to consider that this type of planning commits most of the profits from the sale which if lending has been progressive on the BTL property may represent more than the net proceeds back to the client.

Option 2 – Target the CGT Bill



It is important to understand that this method places far less of the gain into illiquid investment arrangements and defers far less of the total gain to a future point.



VENTURES
Kuber
Opening the door to EIS investment

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An Enterprise Investment Scheme (EIS) is a higher risk investment plan designed to invest into qualifying unlisted shares in UK based companies which has 5 main tax benefits:

1. Income tax rebate of 30% against all income tax sources paid in the current and the previous fiscal tax year.
2. Ability to defer a capital gain
3. After 2 years all qualifying investments that are held become exempt from IHT, provided they continue to be held at the time of death
4. Should investments underperform then they can qualify for loss relief
5. When the investments mature they are free of income and capital gains tax when an income tax rebate has been claimed at the outset.

Important Notice

Please read the following information carefully as a professional adviser.

The information contained in this flyer is for discussion purposes only for professional advisers and their clients, it is not for Retail Clients. The example provided in this flyer is for illustrative purposes only and should not be relied on when taking or advising on any investment decision.

EIS/SEIS/BPR Funds are not suitable for all investors as the underlying investments are often illiquid and therefore high risk. Investors may not receive back some or all of their initial investment. Advice should always be sought from a professional adviser prior to investing.

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