



After The Gold Rush

The gold rush I refer to is not the one that took place in California in 1849 or even the LP (the correct nomenclature in those days) of Neil Young's eponymous album. I refer, in fact, to the mad scramble involving the sale of businesses on or before April 5 this year. As many of you will know, Alistair Darling put everybody under starters orders when he announced that in his "simplification" of the capital gains tax system he would be removing "taper relief" - which effectively reduced the capital gains tax rate for businesses to 10% after two years - and was, instead, increasing the rate to 18% - which, to those of you mathematically inclined, meant putting up the tax charge by a whopping 80%.

Whilst some high profile cases have been hitting the headlines, any owner of a business who was thinking of selling will have, if possible, brought forward activity on this front to achieve the tax saving.

Is that a problem? Only, perhaps, if you find, in hindsight, that you have sold at the wrong time or on the wrong terms purely to receive the tax benefit. There is, always, however that risk - a situation in which lawyers do encourage their clients to make sure that (in haste) they are not letting the "tax tail wag the commercial dog". At a stroke, though, the Government seems to have ripped up the "we support business" badge which it has been burnishing ever since Gordon Brown brought in taper relief several years ago. Not a legal point, I admit, but something of great importance to UK plc (or should I say UK private limited company).

All in, though, it is an ill wind that blows nobody any good and m&a lawyers throughout the length and breadth of the land have been furiously busy in making sure that all these deals have been completed before the cut off date.

I for one, am looking forward to putting my feet up for a few days (and no doubt worrying whether the market will even pick up again now that all the deals have been done). May the next Government (of whatever hue) think again on this topic so that, if nothing else, we lawyers will have some work in the future. I expect it will all pan out.....

We mean business



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