

## ENTREPRENEUR RELIEF FROM CAPITAL GAINS TAX

This relief was originally introduced by Finance Act 2013 and has been subsequently amended by Finance Act 2015 and Finance Act 2016. The relief applies to individuals disposing of chargeable business assets of a qualifying enterprise.

### Recent Changes

Finance Act 2016 provides that any gains on the disposal of qualifying chargeable business assets made by an individual on or after 1 January 2017 are liable to a reduced rate of 10% Capital Gains Tax (CGT), subject to an overall lifetime limit of gains up to €1 million. The standard CGT rate of 33% will apply to any gains made in excess of the lifetime limit.

To qualify for the reduced rate of 10%, an individual must have owned the chargeable business assets for a continuous period of 3 years in the 5 years immediately prior to their disposal.

In addition, if you are selling shares, in order to qualify for the relief you;

- Must own not less than 5% of the shares in a qualifying company;
- Must be a director or employee of the qualifying company in a managerial or technical capacity;
- Must be required to spend not less than 50% of your working time in the service of the qualifying company and
- Must have served in that capacity for a continuous period of 3 years in the 5 years immediately prior to the disposal.

Please note that the above information provides a high level overview on the operation of Entrepreneur Relief from Capital Gains Tax. Should you decide to take advantage of the above relief or require more detailed guidance, we would be happy to assist.