

Press Release

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For immediate release

Tax rates drive upward trend in corporate finance deals

THE number of business owners selling up to take advantage of low Capital Gains Tax (CGT) rates is on the increase, according to Target Corporate Finance.

The Bath-based firm has already seen a flurry of deals and enquiries over the past few weeks and says that this trend is set to continue. They cite the doubling of Entrepreneur's relief in last month's Budget and growing speculation that CGT rates could increase after the election as key drivers.

Mark Harman, Head of Target Corporate Finance, said: "With CGT rates likely to rise sometime this year, there is a window of opportunity for business owners to crystallise the value of their companies and pay a very low level of tax - especially now that gains for Entrepreneurs of up to £2 million qualify for a 10% tax rate.

"It is widely speculated that this change is a pre-election sweetener to soften the blow of big tax rises in the future. Whilst we don't know the exact timing, it is probable that the headline rate of CGT will increase in the next couple of months to closer align it with the top rate of income tax next year of 50%," he explains.

Over the past three months, Target has acted on behalf of vendors and buyers in six corporate finance deals worth a combined £45 million. According to Mark, the timing of a number of these deals has been influenced by the opportunity the current tax rates present.

"Any increase in the headline CGT rate would have a significant impact on business owners looking to sell their companies," Mark said. "The next four to five months, therefore, represent a significant tax planning opportunity - this applies to every business owner looking to sell their business within the next two years.

"We've seen increasing numbers of business owners pushing their succession planning forward to take advantage of the current CGT rates," he said. "The majority of these deals are management buy-outs – this is despite the fact that bank lending remains tight.



“In some cases, it has been possible to complete deals with innovative financing structures, which has allowed the vendors to progress their succession plans at a time best suited to the development of their businesses and their personal goals.” Mark adds.

For more information on selling your business to take advantage of the current CGT and Entrepreneurs’ relief rates, please contact Target Corporate Finance on 0845 241 3387, or visit the website www.targetcf.com.

ENDS

For media information, please contact Corrina Cockayne at Target Chartered Accountants on 01225 486348.

Notes to editors:

Target Corporate Finance

Target Corporate Finance is an award-winning team, with a strong track record of advising vendors and purchasers on a wide range of corporate transactions, including mergers, acquisitions, disposals and management buy-outs.

Target has successfully completed many high profile transactions, with a combined annual value of more than £180 million in recent years. The team is recognised nationally for its work and recently won the title of Advisory Team of the Year at the South West Deal Awards.

Target Corporate Finance is part of Target Chartered Accountants – a top 40* accountancy firm, with 180 staff across offices in Bath, London, Reading, and the Midlands. As an owner-managed business, Target has a strong understanding of entrepreneurs and strategic business issues, combined with the high level expertise and service usually associated with multi-national firms.

(*source: Accountancy magazine 2010)

