



**JAMES COWPER
KRESTON**

Accountants & Business Advisers

WHY LIQUIDATE SOLVENT COMPANIES BEFORE THE UK GENERAL ELECTION?

A guide for tax advisers by James Cowper Kreston



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www.jamescowperkreston.co.uk

Contents	Page
<u>1 Why liquidate before the election?</u>	1
<u>2 What is a solvent liquidation?</u>	2
<u>3 Why choose James Cowper Kreston as liquidators?</u>	3
<u>4 Contact us</u>	4



Why liquidate before the election?



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1. Why liquidate before the election?

The UK general election on 4 July 2024 could bring significant changes to the tax regime, especially for entrepreneurs and business owners.

Depending on the outcome of the election, the government could introduce new measures to increase tax revenues, such as:



Reducing the lifetime limit or abolishing business asset disposal relief (formerly known as entrepreneurs' relief), which allows eligible shareholders to pay a reduced rate of 10% capital gains tax (CGT) on the disposal of their shares



Increasing the rate of CGT or changing exemptions and/or reliefs for higher and additional rate taxpayers, resulting in closer alignment with the income tax rates of 40% and 45% respectively



What is a solvent liquidation?



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2. What is a solvent liquidation?



A solvent liquidation, also known as a members' voluntary liquidation (MVL), is a process of winding up a company that has enough assets to pay its liabilities and distribute the surplus to its shareholders in the form of a capital rather than income distribution.

These potential changes could have a significant impact on the tax liability of shareholders who want to liquidate their companies. By liquidating before the election, they could benefit from the current tax rules and avoid paying higher taxes in the future.

Irrespective of which party gains power at the election, a solvent liquidation will also reduce the administrative burden and cost of keeping a redundant company open, ridding the directors of obligations, such as filing annual accounts, tax returns and confirmation statements.



Why choose James Cowper Kreston as liquidators?



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3. Why choose James Cowper Kreston as liquidators?

James Cowper Kreston is a leading firm of accountants and business advisers, with a wealth of experience in providing solvent liquidation services.

What sets us apart from other liquidators:



The speed at which we can make the initial distribution to shareholders, which can be within days of the shareholders passing the resolution to wind-up



We understand that your client values their life savings and wants to trust a liquidator. Our liquidators are highly regarded in the profession and hold prominent positions in the profession, including the current vice president of R3. In the last c12 months we have assisted multiple clients with distributions to shareholders of approximately £70m



We are not a faceless online service, and we make sure that the client can reach the liquidator and their dedicated manager and hold in person, meetings if desired



We have learned from our experience how to make the process more efficient, and we can share the cost saving with clients, which means we offer real value for money and significant savings



We pride ourselves in providing ongoing support and guidance throughout the liquidation process, and resolving any issues or queries that may arise

We have some further details about solvent liquidations in the turnaround, restructuring and insolvency pages of our website which can be found [here](#).

Contact us



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4. Contact us


If you are a tax adviser and you have clients who are interested in liquidating their companies on a solvent basis, please contact us today by using the contact details below. We can offer you a free, no-obligation consultation and a competitive fee quote.

We look forward to hearing from you and helping you and your clients achieve the best possible outcome from a solvent liquidation.



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