

Dear (Insert Customer Name)

Capital Gains Tax on Share Disposals

Companies House holds a register of Persons of Significant Control (PSC). This register shows that you stopped being a person with significant control of [Company x] on [x date].

We're writing to you because on ceasing control, you may have disposed of some or all of your shares in the company. If you've disposed of shares, you may have to pay Capital Gains Tax (CGT) and amend your self-assessment for tax year 2020 to 2021.

Definition of a "disposal"

You make a disposal when you:

- sell shares for cash
- exchange shares in one company for shares in another company
- give shares away.

Do you have to pay CGT?

You must pay CGT if your total **gains** from all disposals in a tax year are over the annual exempt amount. For the tax year 2020 to 2021, this was £12,300.

Your 'gain' is normally the difference between what you paid for the shares and what you sold them for.

If you exchange shares for shares in another company, special rules may apply. To find out more, go to GOV.UK and search for "share reorganisations".

If you give shares away, you may be able to claim relief to delay payment of CGT until the shares are eventually sold. To find out more, go to GOV.UK and search for "gift holdover relief".

If you make a loss, you may be able to use this to reduce the CGT due on other gains.

What you need to do now

You've not included any disposals of shares in your Self Assessment tax return for the tax year 2020 to 2021.

If you've disposed of any shares, please check whether you need to amend your return.

If you think that your Self Assessment return for the tax year 2020 to 2021 is incorrect, please amend it before **31 January 2023**.

To find out how to amend your return, go to GOV.UK and search for 'Self-Assessment return corrections'.

If you're satisfied that you do not have any CGT to pay, you do not need to do anything.

You can get help from HMRC if you need extra support, for example if you need information in a different format or need help filling in forms. Visit GOV.UK and search for 'Get help from HMRC if you need extra support'. You may want to show this letter to your accountant, if you have one.

The following guidance may help you. Go to GOV.UK and search for:

- Capital Gains Tax
- Tax when you sell shares

- Shares and Capital Gains Tax (2020)

What happens next?

When you correct your tax return:

- you may owe us tax – if so, we'll charge interest on any tax that's paid late you can find more information at GOV.UK by searching 'pay self assessment tax bill'
- we may owe you a refund – if so, we'll repay you or credit your Self Assessment account.

It's your responsibility to make sure your tax return is completed correctly.

If we carry out a compliance check in the future and find that your tax return is not correct, or that you've not told us that you need to pay additional tax, we may charge penalties.

Help and advice

If you still have questions after reading the guidance, for example, if you're not sure how to amend your tax return or you want to know how to make a payment, you can:

- phone (insert response telephone number) between 9am and 5pm, Monday to Friday. This line will close 1 month from the date of this letter
- email us at (insert response email address). Before you contact us by email, please read the enclosed factsheet 'Corresponding with HMRC by email'.

Please note that:

- we cannot correct your tax return over the phone or help you work out if you owe CGT
- you'll receive a delayed response from us if you reply to this letter in writing.

For more information about how to fill in your tax return correctly, go to www.gov.uk/self-assessment-tax-returns/get-help.

For more information on PSC's visit GOV.UK and search for 'People with significant control'.

Yours sincerely