

Please check your Investors' Relief claim for the tax year ending 5 April 2024

We're writing to you about your Self Assessment return for the tax year above. You've made a claim for Investors' Relief on the Capital Gains Tax (CGT) page of your Self Assessment return.

Our records show that you haven't given us a CGT computation or enough information on your tax return to show that you have met the criteria for claiming Investors' Relief. This means we cannot accept your claim and you may need to pay additional tax on the capital gain on the disposal of that asset.

For information about Investors' Relief, go to GOV.UK and search 'HS308 Investors' Relief'. Please make sure that you check that you meet the criteria when making your claim. We have summarised the main areas to consider at the bottom of this letter.

What you need to do now

You need to amend your Self Assessment return for the tax year ending 5 April 2024 to remove your claim for Investors' Relief. Or contact us to give us more details about the transaction. This should include the:

- name of the company that issued the shares
- date of acquisition
- cost of acquisition
- date of disposal
- disposal proceeds

Please make this amendment within 30 days of the date of this letter

To amend your Self Assessment return, go to GOV.UK and search 'Self Assessment tax returns/corrections'.

If you amend your Self Assessment return, you may owe additional tax.

If you do owe us tax, we'll charge interest on any tax you pay late. For more information, go to GOV.UK and search 'pay your Self Assessment tax bill'. We may also charge you a penalty. For more information about penalties, go to GOV.UK and search 'inaccuracy penalties'.

If you don't contact us or amend your Self Assessment return

Please take action within 30 days of the date of this letter. If you don't, we may amend your return for you. We may also open an enquiry, also known as a compliance check.

If our compliance check shows that additional tax is due, you will need to pay interest on any amounts you have not paid. We may also charge you a penalty. For more information about penalties, go to GOV.UK and search 'inaccuracy penalties'.

Please remember, it's your responsibility to make sure your Self Assessment return is complete and correct.

Penalty position

If there are errors in your tax return, we'll treat any disclosure you make from now on relating to the issue above as prompted. This may affect any penalties you have to pay. For more information about inaccuracy penalties, go to GOV.UK and search 'CC/FS7a'.

Information on Investors' Relief

Investors' Relief is a CGT relief available on the disposal of shares in a trading company. We charge CGT on qualifying gains at 10%.

To be able to get Investors' Relief, you must have subscribed for shares that meet relevant qualifying conditions throughout the period you have owned them. You must have owned the shares for at least 3 years.

The main conditions are that:

- the shares are ordinary shares in the company
- you subscribed for the shares in cash and paid them in full when they were issued
- the company is a trading company or the holding company of a trading group
- none of the company's shares are listed on a stock exchange
- you or any person connected with you is not an employee of the company, or of a company connected with it
- the shares were issued to you on or after 17 March 2016
- you disposed of the shares on or after 6 April 2019

There is also a lifetime relief limit of £10,000,000 per person. This means that a person can't claim more than £10,000,000 Investors' Relief over their lifetime. This is regardless of how many claims a person makes and the number of years across which the claims are spread.

Please refer to GOV.UK and search 'HS308 Investors' Relief' for information on the full criteria.

You may wish to get advice from a professional tax adviser.

For help and advice

If you need help filling in your Self Assessment tax return, go to GOV.UK and search 'help with Self Assessment'.

If you have any questions after reading the guidance (for example, you want to know how to make a payment), you can:

- phone us on 03000 575687 - this line is open Monday to Friday, 9am to 5pm and will close 2 months from the date of this letter
- email us at responseteam3@hmrc.gov.uk

Before you contact us by email, please read the enclosed factsheet 'Corresponding with HMRC by email'.

Please note that:

- we can't correct your tax return over the phone or help you work out if you owe Capital Gains Tax
- it might take us longer to reply to you if you send us a letter rather than an email

If you've authorised us to deal with your agent, we've sent them a copy of this letter. You may wish to discuss this letter with them.

You can get help from HMRC if you need extra support. For example, you may need information in a different format or need help filling in forms. Go to GOV.UK and search 'Get help from HMRC if you need extra support'.

If you contact us, we can deal with you more quickly if you quote our reference number and provide a daytime phone number.

Yours sincerely

Wealthy and Mid-Sized Business Compliance