

# Tax on Divorce - High Level Risk Assessment

Are you divorcing in the tax year of separation?





Do both parties currently live and intend to continue living in the UK?



Low risk

Is there a business in the marriage?



### Seek Advice

- How will the business be valued
- ➤ How will the value be realised?
- > Has Entrepreneur's Relief been considered?
- If there is going to be a sale of shares will there be capital gains tax payable?

Do you or your ex own investment properties?



#### Seek Advice

- If the transfer takes place after the tax year of separation there may be capital gains tax payable
- Have you considered hold over relief to reduce the immediate charge to tax

Do you or your ex currently live abroad, or intend to live abroad?



## Seek advice

Confirm the tax position in the country where any maintenance & settlement payments will be received



Have you or your ex been absent from the main home for over 18 months?



#### Seek advice

- > The absent party may have a capital gains tax exposure
- Confirm if they will qualify for a s225B exemption



Low risk

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Simple Capital Gains Tax Pro Forma	
Sale Price	£250,000
Purchase Price	(£125,000)
	(E123,000)
Less all costs - selling costs	
- purchase costs	()
- improvements to the property	(£5,000)
Total Gain	£120,000
Less Annual Allowance	(£12,000)
Taxable Gain	£108,000
Capital Gains Tax Payable at 28%	£ 30,240