



CGT: Business Asset Rollover Relief

Business Asset Rollover Relief (BARR) enables you to delay paying any Capital Gains Tax (CGT) due when you dispose of business assets and reinvest the proceeds in buying new business assets. Eligible assets include business premises and properties that qualify as Furnished Holiday Lettings (FHLs).

Eligibility

To qualify for BARR, the original assets must be used in your business. The 'replacement' business assets must also be used in your business and must be purchased within three years of disposing of the original assets, or up to one year before.

Your business must be trading when you dispose of the original asset and when you buy the replacement ones, although HMRC accept claims for BARR if the replacement assets are used in a new trade that is carried on within three years of the first trade ceasing.

FHLs qualify as a trade/business for the purposes of BARR.

Land and buildings must be occupied and used only for your trade if you wish to claim relief. If the land or buildings have been provided by you for use by your personal company, it's that company which must occupy and use them.

Qualifying assets include land and buildings, fixed plant and machinery, and goodwill. The replacement asset does not need to be the same type as the original asset.

How it works

If you reinvest all the proceeds from the original asset disposal in new business assets, then the CGT due on the disposal does not need to be paid to HMRC until the replacement asset is disposed of.

For example, you sell a shop for £100,000 and make a gain of £30,000. You buy a new shop for £125,000 and claim roll-over relief. The cost of your new shop will be reduced to £95,000 when you calculate the gain or loss you will make if you sell it.

If only part of the proceeds from the original asset disposal are reinvested, some of the CGT will be due at the normal time and some can be deferred. The amount of the original gain that is subject to CGT at the normal time is the lower of:

- The full gain; and
- the amount of disposal proceeds which is not reinvested in the replacement asset.

Any remaining portion of the gain can be 'rolled over' and set against the purchase cost of the replacement asset.

Partial BARR may be available if the assets were only partly used for trade purposes during the period of ownership.

How to claim

Claims for BARR can be made as part of the self assessment tax return, or as a standalone claim. Specific details of the original and replacement assets must be provided. The HS290 form, linked below, can be used to make the claim.

You can make a claim within 4 years after the end of the tax year in which the later of the following took place:

- the disposal of the old assets; or
- the acquisition of the new assets.

Useful links

Overview of BARR:

<https://www.gov.uk/business-asset-rollover-relief>

More detailed guidance and Form HS290:

<https://www.gov.uk/government/publications/business-asset-roll-over-relief-hs290-self-assessment-helpsheet>