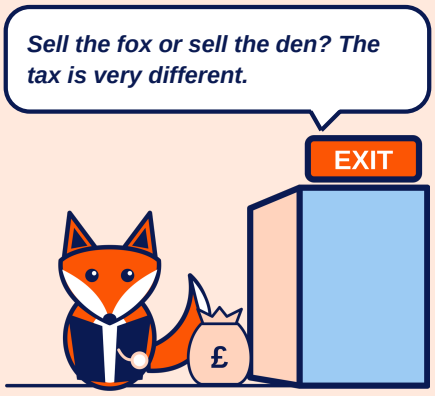
Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CUNNING PLANS · No. 22 · SELLING AND EXIT

Share Sale vs Asset Sale: Tax and Legal Checklist

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

In a share sale the owner sells shares and usually pays capital gains tax once, but the buyer takes on all liabilities. In an asset sale the company sells assets and pays corporation tax, and the owner then takes the money out, which can mean a second tax. Contracts and employees need separate handling.

THE KEY FIGURES

The key facts	What to know
Share sale	owner pays CGT, buyer pays stamp duty of 0.5%
Asset sale	company pays corporation tax, then owner extracts
BADR	18% on up to £1m in 2026/27
Corporation tax	up to 25%

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**What is each route worth after tax?**	Model both, to the owner's pocket.	Comparison model
☐	**Who takes the liabilities?**	A share buyer inherits history and will ask for warranties.	Warranty schedule
☐	**Is stamp duty understood?**	Buyers pay 0.5% stamp duty on shares.	Stamp duty note
☐	**What happens to goodwill and assets?**	Asset sales split the price across assets, which affects both sides.	Price allocation
☐	**Do contracts and staff transfer?**	Asset sales need contracts novated and may involve TUPE.	Contract and staff list
☐	**How will money leave the company?**	A liquidation or dividend route has its own tax.	Extraction plan

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MY PRO TIP

sellers like share sales, buyers like asset sales. Negotiate.

A worked example

This is a simplified illustration, ignoring base cost. A share sale with a £1m gain and BADR at 18% costs £180,000, leaving £820,000. An asset sale with a £1m gain taxed at 25% costs £250,000 in the company. Distributing the £750,000 in liquidation with BADR at 18% costs £135,000. Total tax is £385,000 and the owner has £615,000.

The trap to avoid

Agreeing a headline price without asking which route the buyer assumes. The same price can mean tens of thousands of pounds difference.

The Rufus test

One question that tells you if you have the right adviser:

After all tax and costs, how much do I personally keep under each route?

What has changed recently

- Reliefs are changing. See the business sale tax checklist.
- Tax on exit in detail. See the tax on exit checklist.
- Negotiation. See the finding buyers checklist.

Questions I get asked

What is the difference between a share sale and an asset sale?

A share sale transfers ownership of the company. An asset sale transfers selected assets, leaving the company behind.

Why do sellers prefer share sales?

They usually mean one layer of tax and a clean exit.

Why do buyers prefer asset sales?

They can choose what to take and leave liabilities behind.

What is the stamp duty on shares?

0.5% of the price, paid by the buyer.

The 9 CAD Keys link: Analysis & Positioning

Analysis & Positioning means comparing the real take-home outcome, not the headline price.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

Business checklist 23
Tax on Exit: BADR, Holdover, EIS and Pension Checklist

Business checklist 24
Finding Buyers and Negotiating the Deal Checklist

Tax checklist 27
Business Sale, Exit and Succession Tax Checklist 2026/27

Tax checklist 05
Capital Gains Tax Checklist 2026/27

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Go deeper: my books

For this topic, start with **Business Exit Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Weigh it, then sign it.

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Scan to read online, tick it on screen and take the Scorecard



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