Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CUNNING PLANS · No. 23 · SELLING AND EXIT

Tax on Exit: BADR, Holdover, EIS and Pension 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

Business asset disposal relief taxes the first £1m of qualifying gains at 18%, with the limit announced to fall to £500,000 for disposals from 6 April 2027. Other reliefs include holdover for gifts and EIS deferral. Pension payments before sale can use allowances, so the timeline and the structure matter.

THE KEY FIGURES

The key facts	What to know
BADR	18%, £1m limit
From 6 April 2027	£500,000 limit announced
Standard rate	24%
Pension allowance	£60,000 plus carry forward

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Do you meet the BADR conditions?**	Two years, at least 5%, officer or employee, trading company.	Share register, accounts
☐	**Does timing matter?**	A sale completing before or after 6 April 2027 can change the limit.	Completion timeline
☐	**Could another relief help?**	Investors' Relief, EIS deferral and others.	Relief analysis
☐	**Is holdover relevant?**	For gifts to family or trusts rather than a sale.	Claim
☐	**Can a pension payment help before the sale?**	Company or personal payments may use allowances and carry forward.	Pension plan
☐	**Is the tax cash set aside?**	The bill arrives after the sale.	Tax reserve

Cranleys is a trading style of Cranleys Partnership LLP, registered in England OC358781. Winton House, Winton Square, Basingstoke RG21 8EN · 01256 830000 · www.cranleys.online



MY PRO TIP

check the date of completion, not just the date of the handshake.

A worked example

Gain of £1.5m. Completing before 6 April 2027: £1m at 18% is £180,000 and £500,000 at 24% is £120,000, so £300,000. Completing after that date with a £500,000 limit: £500,000 at 18% is £90,000 and £1m at 24% is £240,000, so £330,000. A timing difference of £30,000 if the announcement becomes law as described.

The trap to avoid

Assuming relief that is only proposed is available. Founders' Relief is not law yet.

The Rufus test

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

What is the date at which my tax on this sale changes, and what do I do about it?

What has changed recently

- BADR is announced to change in April 2027.
- Pension allowances still help. See the pensions checklist.
- Capital gains basics. See the capital gains checklist.

Questions I get asked

What is the BADR rate?

18% for 2026/27 on up to £1m of qualifying lifetime gains.

What happens to BADR in April 2027?

The lifetime limit is announced to fall to £500,000 for disposals from 6 April 2027.

Can I defer gains by investing in EIS?

Yes, EIS deferral relief can defer a gain if conditions are met.

Can I pay into my pension before selling?

Yes, within the annual allowance and carry forward.

The 9 CAD Keys link: Alignment

Alignment means the sale date, the structure and the reliefs all agree.

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 22
Share Sale vs Asset Sale: Tax and Legal Checklist

Business checklist 24
Finding Buyers and Negotiating the Deal Checklist

Business checklist 26
After the Sale: Cash, Tax and What Next Checklist

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

Cranleys is a trading style of Cranleys Partnership LLP, registered in England OC358781. Winton House, Winton Square, Basingstoke RG21 8EN · 01256 830000 · www.cranleys.online

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.

Tick the reliefs before the cheque.

WhatsApp 07999 900000 | **Office** 01256 830000
Email colin.davison@cranleys.co.uk
Web cranleys.online

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



General information on UK tax only, not advice for your specific circumstances. Tax rules change. Free draft plans are offered at my discretion and subject to availability; putting a plan into effect is chargeable. Cranleys is a trading style of Cranleys Partnership LLP, registered in England and Wales (OC358781). Registered office: Winton House, Winton Square, Basingstoke RG21 8EN. © Colin Davison FCA, Cranleys Chartered Accountants.