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Sunday 1 March 2020 12:45 pm

## **Government set to scrap entrepreneurs' relief in £2.7bn tax grab**

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**Plans have been drawn up by the Treasury to hit businesses with a £2.7bn tax rise in this month's budget.**

Chancellor Rishi Sunak is set to scrap entrepreneurs' relief, which gives a capital gains tax cut to people who start their own businesses.

The scheme cuts the amount of capital gains tax paid, when they sell the business, from the usual 20 per cent to 10 per cent on up to £10m of lifetime gains.

Entrepreneurs' relief was brought in by Gordon Brown's Labour government in 2008 with the intention of encouraging people to start businesses.

However, Sunak will scrap the scheme in the 11 March budget as it disproportionately helps already wealthy businessmen in the South of England, according to the [Sunday Times](#).

Instead, the extra revenue will be used to fund the Conservatives' election promises of increased NHS, police and transport infrastructure spending, particularly in the Midlands and the North.

The scheme cost the government £2.7bn in tax revenues in 2018-19, up from £427m in 2009-09.

The proposal is already attracting criticism from business groups and traditional Conservative supporters.

A letter written by 150 prominent business owners, and seen by the Times, was sent to Sunak to oppose the change.

It read: "Other entrepreneurs have sold their business and are now currently considering whether to start a new business or not and the rate of tax is a very important factor."

Signatories include former trade minister, and CBI director general, Lord Digby Jones, Seraphine founder Cecile Reinaud and Photobox founder Graham Hobson.

The Federation of Small Businesses (FSB) also released a statement today, saying that scrapping the scheme would "destroy retirements".

FSB national chairman Mike Cherry said: “Scrapping entrepreneurs’ relief would make a mockery of the idea that it’s ever sensible to build up a business rather than invest in property, land or secure a gold-plated pension.

“Everyday entrepreneurs throughout the country who are about to retire will be left permanently poorer by this change.

“The vast majority of those who benefit from this incentive – 38,000 each year – are everyday entrepreneurs, those who see their business as their retirement plan, and who would lose an average of £15,000 each as a result of this change.”

Sunak is reportedly also looking at introducing several green taxes – while also abolishing red diesel tax relief – and making changes to air passenger duty.