

*These notes refer to the Finance Act 2015 (c.11)  
which received Royal Assent on 26 March 2015*

# **FINANCE ACT 2015**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

#### ***Section 41: Entrepreneurs' Relief: Associated Disposals***

##### **Background Note**

20. These new provisions are effective in relation to disposals on or after 18 March 2015 in order to prevent the forestalling which would otherwise be likely.
21. This measure removes an unintended facility under the entrepreneurs' relief rules. Under these rules the relief could be claimed by an individual on a disposal of a private asset used in a business without the individual permanently reducing their participation in the business by a meaningful amount. Allowing relief in these circumstances is not consistent with the purpose of ER on associated disposals, which is to promote the transfer of a business to new proprietors along with all the assets used in that business, including assets which are not owned by the trading entity.
22. This measure ensures that entrepreneurs' relief is better targeted at people who have genuinely reduced their participation in a business.