

SCHEDULE 1

EXEMPTION FOR EXISTING MICRO-BUSINESSES AND NEW BUSINESSES

New businesses

3.—(1) A new business is a business which a person, or a number of persons, (“P”) begins to carry on during the period beginning on 8th April 2013 and ending on 31st March 2014.

(2) But a business is not a new business if—

(a) P has, at any time during the period of 6 months ending immediately before the date on which P begins to carry on the business, carried on another business consisting of the activities of which the business consists (or most of them); or

(b) P carries on the business as a result of a transfer (within the meaning of sub-paragraph (3)).

(3) P carries on a business as a result of a transfer if P begins to carry on the business on another person ceasing to carry on the activities of which it consists (or most of them) in consequence of arrangements involving P and the other person.

(4) For this purpose, P is to be taken to begin to carry on a business on another person ceasing to carry on such activities if—

(a) P begins to carry on the business otherwise than in partnership on such activities ceasing to be carried on by persons in partnership; or

(b) P is a number of persons in partnership who begin to carry on the business on such activities ceasing to be carried on—

(i) by a person, or a number of persons, otherwise than in partnership;

(ii) by persons in partnership who do not consist only of all the persons who constitute P; or

(iii) partly as mentioned in paragraph (i) and partly as mentioned in paragraph (ii).

(5) P is not to be regarded as beginning to carry on a business for the purposes of sub-paragraph (1) if—

(a) before P begins to carry on the business, P is a party to arrangements under which P may (at any time during the period beginning on 8th April 2013 and ending on 31st March 2014) carry on, as part of the business, activities carried on by any other person; and

(b) the business would have been prevented by sub-paragraph (2)(b) from being a new business if—

(i) P had begun to carry on the activities when beginning to carry on the business; and

(ii) the other person had at that time ceased to carry them on.

(6) “Arrangements” includes an agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).