

business recovery & insolvency

members voluntary liquidation...

Members Voluntary Liquidation (MVL) is an exit route for Shareholders and is when a solvent company is placed in Liquidation.

A key reason for doing this is to enable a distribution of the share capital which would otherwise have to be paid to the Crown. MVL also enables the company to utilise certain tax benefits, which can be more advantageous than just applying to strike off a company.

The Inland Revenue will treat the distribution as if it is a capital distribution provided that the following assurances have been given to the Inland Revenue...

- The company does not intend to trade or carry on business in the future,
- It intends to collect its debts, pay off its creditors in full and distribute any balance of its assets to its shareholders (or has already done so), and
- It intends to seek or accept striking off and dissolution.

Also, the company and its shareholders must agree the following...

- They will supply such information as is necessary to determine, and will pay, any Corporation Tax liability on income or capital gains,
- The shareholders will pay any Capital Gains Tax liability (or Corporation Tax, in the case of a corporate shareholder) in respect of any amount distributed to them in cash or otherwise as if the distributions had been made during a winding-up.

It is advisable that confirmation / agreement is obtained in writing from the Inland Revenue that the concession will apply before the decision is taken to proceed with the formal dissolution.

A condition for an MVL is that the company is able to pay all of its debts in full within a period of 12 months.

We are able to assist with...

- Converting the assets of the business into cash
- Adjudicating the claims of the creditors
- Providing advice on the most tax efficient way of distributing funds to shareholders
- Making payments to shareholders
- Advising shareholders throughout the process

Services are provided by our dedicated team of professionals with experience across a wide spectrum of business sectors. For further information or a free initial consultation please contact us on 0845 555 8844 or email us on recovery@dains.com.



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www.dains.com