



Headlines

- Planning a Business Exit in 2026? The Tax Landscape Has Changed
- FRS 102 Revenue Rules Overhauled from January 2026: What You Need to Know
- First-Time Buyer's SDLT Relief Denied When Spouse Already Owns a Property



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Planning a Business Exit in 2026? The Tax Landscape Has Changed

If you're planning to sell your business in 2026, the tax system you're exiting into is not the same as it was a year ago. Changes to capital gains tax (CGT), Business Asset Disposal Relief (BADR), and Employee Ownership Trusts (EOTs) now have a direct impact on how much of your sale proceeds you keep and how early you need to prepare.

Capital Gains Tax: Timing is now critical

Higher CGT rates and growing alignment with income tax mean that exit timing and deal structure are more important than ever.

- Selling in one tax year versus another can make a six-figure difference
- Deferred consideration, earn-outs and loan notes all trigger tax at different points
- Understanding when value crystallises for tax purposes is key to preserving net proceeds

The days of leaving tax to the final stages of the deal process are over. Planning must start well in advance.

BADR: Still powerful, but harder to qualify

BADR offers a 10% CGT rate, but the rules are tighter and the relief is easily lost. Common pitfalls include:

- Shareholding below 5%
- Changes to employment status
- Group restructures or new share classes

Eligibility is assessed at the time of sale, not at the time of investment. This means issues can arise unexpectedly during due diligence, with little time to correct them.

Tip: Don't assume BADR will apply. Check eligibility now and adjust your structure if needed.

EOTs: Still viable, but under closer scrutiny

Employee Ownership Trusts remain a tax-free exit route, but the requirements are no longer light-touch.

- Trustee independence, valuation methods and post-sale governance are under review
- HMRC is more likely to challenge poorly structured transactions
- Sellers must show genuine intent and early planning

EOTs are not a fallback option. They work best when deliberately chosen and properly designed.

Corporation tax: The hidden value killer

High corporation tax rates are prompting buyers to review:

- Distributable reserves
- Accumulated cash
- Group balances and historic liabilities

Inefficient profit extraction or a messy balance sheet can reduce your sale price or trigger post-deal price adjustments.

Tip: Clean up your accounts well before the sale. Document dividend policies and confirm tax positions to avoid surprises.

Inheritance tax and succession planning

An exit is rarely just about the seller. Family trusts, estate exposure and intergenerational planning all come into play.

Business Property Relief (BPR) still exists, but is under political pressure. Selling without considering post-sale IHT exposure can lead to unintended tax bills for beneficiaries.

The key message: tax is no longer an afterthought

Owners who leave tax planning to the end risk giving away more than necessary to HMRC. The cost of getting it wrong has gone up, and the time to act is now.

Effective exit planning should:

- Align deal structure with tax outcomes
- Stress test BADR and CGT exposure
- Consider both business and personal tax goals
- Anticipate rule changes and act ahead of them

Final thought

Selling a business is a major milestone that should reward your years of effort, not penalise you for poor timing or overlooked rules.

The difference between a good exit and a costly one often comes down to when you start planning. For a 2026 sale, the window is narrowing. Now is the time to get expert advice and map out your exit properly. If you need support reviewing your structure, assessing reliefs, or preparing your business for sale, we're here to help.

FRS 102 Revenue Rules Overhauled from January 2026: What You Need to Know

Significant changes are coming to UK GAAP. The Financial Reporting Council (FRC) has issued amendments to FRS 102 as part of its 2024 periodic review, introducing a major overhaul of how companies must recognise and disclose revenue. These changes align FRS 102 more closely with IFRS 15 and bring a more principles-based approach to revenue recognition.

The revised standard takes effect for accounting periods beginning on or after 1 January 2026. However, early adoption is allowed for periods starting on or after 1 January 2025. If early adoption is chosen, all amendments must be applied together.

Key impact: Revenue recognition now follows a five-step model

The new Section 23, Revenue from Contracts with Customers, replaces the previous guidance and introduces the five-step model:

- **Identify the contract:** A contract must be enforceable and have clear commercial substance. Multiple related contracts may need to be combined.
- **Identify performance obligations:** Each promise to deliver a distinct good or service must be identified. Bundled or optional elements like installation or support services may need to be unbundled.
- **Determine the transaction price:** Includes expected consideration adjusted for variable elements, time value of money, and non-cash items.
- **Allocate the transaction price:** Revenue must be allocated to each performance obligation based on standalone selling prices or suitable estimation methods.
- **Recognise revenue when (or as) performance obligations are satisfied:** This could be over time (for example, ongoing services or construction) or at a point in time (delivery of goods). New concepts like contract assets, liabilities, and refund liabilities will need to be accounted for. Tax authorities will share key information on property owned by foreign residents, including data on legal and beneficial owners, purchase details, and property locations.

Shifting focus: From risks and rewards to control

The old model focused on when risks and rewards transferred. Under the revised Section 23, revenue is recognised when the customer obtains control of goods or services. This may accelerate or delay revenue recognition compared to current practice.

Balance sheet changes ahead

Businesses will need to account for new items including:

- Contract assets and liabilities
- Refund liabilities
- Right of return assets
- Capitalised contract costs

Systems and reporting tools may need to be updated to track these balances accurately.

Disclosure requirements expanded

The revised Section 23 brings a significant increase in disclosure obligations. Companies will need to break down revenue by type, geography, or timing, and explain performance obligations, contract balances, and any unsatisfied commitments. Information on contract cost assets, amortisation and impairment will also be required.

Complex areas to review carefully

Some areas will require more judgment and cross-team coordination. Key examples include:

- **Contract modifications:** When does a variation create a new contract versus modifying an existing one?
- **Variable consideration:** Estimating bonuses, rebates, and usage-based fees, applying the constraint that only amounts highly probable not to reverse are included.
- **Principal vs agent assessments:** Platforms and resellers must determine if they control goods or services before transfer. Revenue could be reported gross or net depending on this assessment.
- **Licences and royalties:** Timing of royalty income recognition depends on whether IP licences provide access or use.
- **Upfront fees and options:** Fees must be deferred if linked to future performance obligations. Customer options may be material rights that require separate accounting.

Transition options: Full or modified retrospective

Companies can apply the changes retrospectively in full or use a modified retrospective method. Modified retrospective adoption avoids restating comparatives and adjusts equity on the date of transition. Both methods offer optional practical expedients.

Early preparation is essential

The changes are more than an accounting exercise. They affect commercial terms, systems, KPIs, and even debt covenants. Many businesses will require cross-functional involvement from finance, commercial, legal, and IT teams.

Businesses are advised to:

- Review all revenue streams
- Assess the impact on systems and controls
- Begin data collection to support new disclosures
- Reconsider contracts and pricing strategies
- Seek specialist advice early to ensure smooth implementation

Final word

FRS 102's revenue recognition changes introduce greater clarity and global alignment but also add complexity. Preparation now will reduce disruption later. Companies that act early will be better placed to comply and confidently explain the changes to stakeholders, lenders and auditors.

First-Time Buyer's SDLT Relief Denied When Spouse Already Owns a Property

A common question for married couples buying their home is whether **first-time buyer's relief (FTBR)** on **Stamp Duty Land Tax (SDLT)** can still apply if only one spouse has never owned property.

At first glance, it may seem logical that the spouse who has never bought property before could still qualify for the relief. However, the reality is more restrictive.

The scenario:

- A married couple currently lives in a property **100% owned by the husband**.
- They now want to **jointly purchase a new property** to live in as their main home.
- The current home will be **kept and rented out**.
- The wife has **never owned a property** and expects to qualify as a first-time buyer.

Despite the wife meeting the definition of a first-time buyer, **first-time buyer's relief is not available** in this case. Here's why.

The key SDLT rules that apply

Under SDLT rules:

- A **purchase of an additional residential property** usually attracts **higher SDLT rates**, unless the new property replaces the purchaser's only or main home.
- A **joint purchase** where **either buyer already owns another property** and **does not dispose of it** is treated as a **higher rate transaction**.
- In such cases, **first-time buyer's relief cannot be claimed**, regardless of whether one party qualifies individually.

Even if the new property were bought **solely in the wife's name**, the relief still wouldn't apply. That's because HMRC treats **married couples as a single economic unit** for SDLT purposes. If **one spouse owns another property**, it affects the SDLT position of both, so **FTBR is denied**.

What this means for couples

- If they are **married or in a civil partnership**, and **living together** at the time of the purchase,
- And **one spouse already owns a residential property**,
- Then the new property is treated as an **additional property**, making it subject to **higher SDLT rates**.

As a result, **first-time buyer's relief is not available**, even if the other spouse has never owned a property before.

Summary

- ✔ FTBR requires **all purchasers** to be first-time buyers
 - ✘ If **one spouse already owns a home**, FTBR cannot be claimed on a joint or individual purchase
 - ✘ Keeping the old home (rather than selling it) means **the higher SDLT rate applies**
 - ✔ Couples planning a purchase should consider SDLT consequences early, especially if one already owns property
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