

Tax help series

If you stop trading – what you need to know

The quicker you tell us that you have stopped trading the better, so that we can help you get your tax affairs in order. By contacting us early it will save you time and inconvenience.

Here we tell you:

- what we mean by stop trading
- what you need to do if you're no longer self-employed
- how to cancel your VAT registration
- what to do if you're no longer an employer
- what to do if you're no longer working in the Construction Industry Scheme (CIS) as a contractor or sub-contractor
- what to do if you sell or close a limited company.

What we mean by stop trading

We use the term 'stop trading' to cover what happens when:

- you've closed your business
- you've stopped being self-employed or are leaving a partnership
- your company has stopped trading
- you've stopped employing staff
- you've cancelled your VAT registration
- you've stopped being a contractor/subcontractor in the Construction Industry Scheme
- the owner of a business, or a self employed person, has died. If this is the case, please go to www.hmrc.gov.uk/bereavement/index.htm

What you need to do if you're no longer self-employed

If you're no longer self-employed or you are leaving a partnership, you need to tell us. You still need to complete your tax return and the supplementary self-employment pages for the tax year in which your self-employment ended.

For example, if you stopped trading on 15 May 2009, you will need to fill in a tax return for the tax years up to and including 2009-10.

When you stop being self-employed, you no longer have to pay Class 2 National Insurance contributions. To stop these, you need to call the National Insurance Self-employed helpline on **0845 915 4655**. Open from 8am to 5pm, Monday to Friday. Closed weekends and bank holidays.

Customers with particular needs

If you need extra help, please let us know. For example, if:

- English is not your first language
- you would like us to use a certain format to communicate with you, for example, Braille or Text Relay. If you use Text Relay by
 - textphone, dial **18001 + number**
 - phone, dial **18002 + number**
- you would like us to visit you at home because it is difficult for you to get to one of our offices.

What if you are unhappy with our service

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

Our factsheet *C/FS Complaints*, also tells you how to make a complaint. You can get a copy of this from our website.

Go to www.hmrc.gov.uk and look for C/FS within the search facility or under the *quick links* menu select *Complaints & Appeals*.

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For further information please go to www.hmrc.gov.uk and under *Quick links* select *Your Charter*.

How to cancel your VAT registration

If you stop trading, you must tell us that you need to cancel your VAT registration within 30 calendar days. To cancel your VAT registration, go to www.hmrc.gov.uk/vat/managing/change/cancel.htm where you can download form VAT 7. Fill in this form and return it to:

Grimsby National Registration Service
HM Revenue & Customs
Imperial House
77 Victoria Street
Grimsby
DN31 1DB

What to do if you're no longer an employer

You must complete end-of-year returns up to the date you stopped employing people. You will also need to pay any outstanding PAYE tax and National Insurance contributions. For the forms you need to complete and payment deadlines, go to www.hmrc.gov.uk/payee/payroll/close-or-change.htm

If you sell your business, you will also have to follow regulations that set out your responsibilities to your employees. To find out more about these regulations go to www.businesslink.gov.uk/managingchange/responsibilities

What to do if you're no longer a CIS contractor or sub-contractor

You should tell us as soon as possible if you stop working as a contractor or subcontractor in the Construction Industry Scheme (CIS).

Please call the CIS Helpline on **0845 366 7899**. Open from 8.00am to 8.00pm seven days a week, excluding public holidays. For further information go to, www.hmrc.gov.uk/cis/subcontractors/changes.htm

If you stop trading as a CIS - registered contractor, you may need to:

- complete the monthly CIS return for the month you stopped trading as a contractor
- pay over any CIS deductions that have been made from subcontractors' payments
- pay over any PAYE that's been deducted from employees' wages
- complete a tax return to cover the part of the tax year when you stopped trading.

What to do if you sell or close a limited company

If your company ceases trading or business activities, closes down or is forced to close down, you will have to file Company Tax Returns. You will also have to pay Corporation Tax for the final period of activity and also during the closing or winding-up process.

Any capital gains made when your company sells or disposes of its business assets should be accounted for through its Company Tax Return. For further information go to, www.hmrc.gov.uk/ct/change/selling-closing.htm

Capital Gains Tax may also be due and you may have to show details of gains or losses you personally make on the disposal of your shares or interest in the company or organisation. Go to www.hmrc.gov.uk/cgt/intro/report-gain.htm where you can download form SA108 - the Capital Gains Tax summary pages.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.
Customer Information Team
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