

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 Value Added Tax (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 subcontractor
- 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 Value Added Tax (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, 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.

When you stop being self-employed, you no longer have to pay Class 2 National Insurance contributions (NICs). To stop paying Class 2 NICs you need to call the National Insurance self-employed Helpline on **0300 200 3505**. They are open from 8.30am to 5pm, Monday to Friday and are closed weekends and bank holidays.

For more information, go to www.gov.uk/stop-being-self-employed

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 **1800** + number
- you would like us to visit you at home because it's 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. If you want to know more about making a complaint, go to www.hmrc.gov.uk/complaints-appeals

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information, go to www.gov.uk/hmrc/your-charter

How to cancel your Value Added Tax (VAT) registration

If you stop trading, you must tell us within 30 calendar days that you need to cancel your VAT registration. To cancel your VAT registration, go to www.hmrc.gov.uk/vat/managing/change/cancel.htm where you can download form VAT 7 *Application to cancel your VAT registration*. 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/payepayroll/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.hmrc.gov.uk/payepayroll/close-or-change.htm

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

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 **0300 200 3210**. They are open from 8am to 8pm Monday to Friday and 8am to 4pm Saturday. The helpline is closed Sundays, Christmas Day, Boxing Day and New Year's Day. For customers who are deaf or hearing or speech impaired, use textphone **0300 200 3219**. For more information, go to www.hmrc.gov.uk/cis/subcontractor/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 Pay As You Earn (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 close 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.

You should account for any capital gains made when your company sells or disposes of its business assets through its Company Tax Return. For more 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 *Capital gains summary*.

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