

Your guide to a Members Voluntary Liquidation (MVL)



It's never too late to start your new beginning.

Ready for a new adventure?

Looking to change direction?

Is retirement calling?

Ready to withdraw your cash whilst minimising your tax bill?

Leading Corporate Recovery can help you start your new beginning.









If you are looking for an effective, low cost and tax efficient way to close your business, a Members Voluntary Liquidation (MVL) could be the answer.



What is an MVL?

An MVL is a legal process that allows shareholders to liquidate their Company providing it is solvent. This means that the business must have enough funds to pay all of its liabilities, in addition to the costs of the MVL and statutory interest that is payable.

At Leading Corporate Recovery, we know that there are many reasons why you might wish to close the doors on your business, for example:

-  Retirement.
-  Company has achieved its purpose, e.g. a property development.
-  Extracting surplus cash.
-  New contracts for IT specialists, offshore workers and other contract workers.
-  Following a business and asset sale where you retained the Company's shares.
-  Potential to claim Entrepreneurs Relief.
-  A change of circumstances, for example, a move overseas.
-  There has been a breakdown between the Directors and Shareholders of the Company.






CONTACT OUR TEAM TODAY FOR YOUR FREE, NO OBLIGATION CONSULTATION:

0800 246 1845 | mail@leading.uk.com

Your guide to a Members Voluntary Liquidation (MVL)

In each of these scenarios, and of course many others, Leading Corporate Recovery specialise in helping shareholders to close their Company in a way that is quick, efficient and effective.

Aside from the fact that an MVL will unlock your cash quickly, there are many other benefits:

-  MVLs provide a much more tax efficient way to withdraw your cash from the Company than salary or dividends.
-  You may qualify for Entrepreneurs Relief, reducing your tax bill to just 10% of the funds withdrawn.
-  You can withdraw your cash faster through an MVL with our bespoke mechanisms.
-  An MVL will provide a greater degree of finality against potential or contingent liabilities than a striking off gives.
-  We work as MVL specialists alongside your existing accountants and tax advisors.

What is the Process of an MVL?

The first step is to get in touch with one of our Licensed Insolvency Practitioners who will discuss and explain all of your options to determine if an MVL is the most appropriate solution for you and your business. Our team will answer any questions you may have.

Once Leading Corporate Recovery have been formally engaged, we will prepare the necessary paperwork on your behalf to hold meetings of the directors and shareholders. We will also liaise with you or your accountant to prepare the Declaration of Solvency, which is a balance sheet containing all of the assets and liabilities of the Company. This document is then signed in the presence of a solicitor by all, or a majority, of the Directors of the Company.

Within five weeks of the Declaration of Solvency being sworn, the shareholders meeting will be held at which the shareholders will vote to formally place the Company into MVL and appoint a Liquidator. A Liquidator needs to be a Licensed Insolvency Practitioner, which is why your usual accountant may not be able to act as Liquidator themselves. When the Company is in Liquidation, the Liquidator will realise the Company's assets, pay any liabilities and ask HMRC

for tax clearance for the Company to be dissolved. A final distribution of the surplus funds is made to shareholders before the Liquidation is concluded.

What if I do not want certain assets, like a property, sold?

Providing the shareholders agree, the Liquidator can make what is known as a "Distribution In Specie". This means that the asset itself, such as a property, can be transferred to a shareholder, rather than the property being sold and the Liquidator distributing the cash.

This is also commonly used where an asset of the Company is a loan made to shareholders, directors or an associated company.

What happens if the Company is unable to pay its debts in full?

During the MVL process, if the Liquidator forms the view that the Company will be unable to pay its debts in full, the Liquidator will discuss this urgently with the shareholders. At this stage, the shareholder may inject additional monies to cover the liabilities. If that is not possible, the Liquidator must call a meeting of the Company's creditors and the Liquidation will be converted to a Creditors' Voluntary Liquidation (an insolvent liquidation).

What is the cost of an MVL?

At Leading Corporate Recovery we understand that business owners want a fast, reliable service giving them the advice they need, when they need it, at the best price possible. That's why we offer a free initial consultation and should you decide to instruct us to place your Company into a MVL, we will give you a fixed fee quote so you have a clear idea of the costs involved.