



UNDERSTANDING
**SUCCESSION
PLANNING**

**JACKSON
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SUCCESSION PLANNING

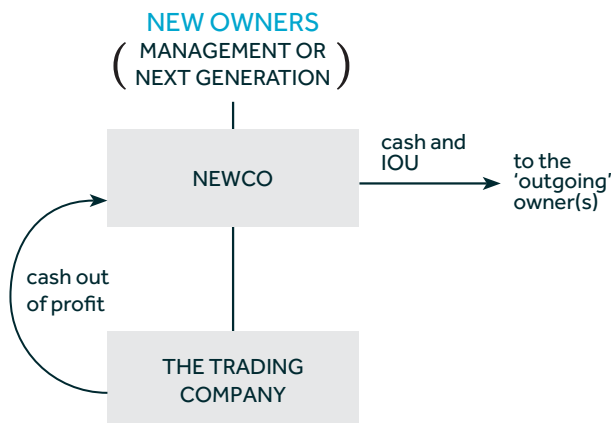
REALISE THE CAPITAL

Almost every owner of every privately-owned business worries, at some point, about how and when they might be able to realise the capital they have tied up in their business.

Often the owner rules out the possibility of the management or the next generation as potential buyers, on the grounds that "they haven't got the cash to do it".

If you are in this position please speak to us. We have significant experience and suitable structures which can help turn an improbable situation into a reality in this area. We call this "Succession Planning", and it typically yields a bespoke solution which ensures it is commercially and domestically viable, as well as tax efficient for all parties.

These benefits are reflected in the following structure diagram and outlined below in more detail:



The structure normally achieves the following benefits:

- The new owners do not have to find any personal monies if they do not have any;
- The new owners do not have to take on any personal risk;
- The new owners do not have to extract any profits in future, which would be subject to income tax, to repay any debt;
- The outgoing owner realises a capital sum out of current and future profits of the company. This is taxed at 10% or less usually;

- The outgoing owner does not have to cease to work or get paid – indeed it may be wholly essential that they continue to support a successful transition;
- The outgoing owner retains control over key decisions in the company until such time as the debt for the sale of their shares is fully repaid;
- The repayment of the sale debt is scheduled to enable the business to continue to perform;
- The new owners will, in due course, establish unfettered control without having adopted any personal risk, at any stage.

At Jackson Stephen LLP we have advised upon, designed and implemented succession plans for many business owners in a wide range of industries, facilitating the release of tax efficient capital, the motivation of the next tier of management and the progress of the business through to another generation. These solutions have typically been very successful in their impact and application.

Contact us for more innovative tax solution booklets:

- Company Structures
- Inheritance Tax
- Private Residences
- Profit Extraction
- Unincorporated Businesses
- Trusts
- Key Staff Incentives
- Funding Educational Costs



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