

Business Trust

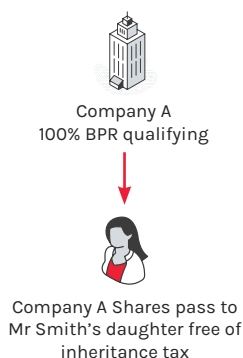
A business trust provides advanced planning to business owners for both lifetime and death planning. Used in conjunction with a Beneficiary Protection Plan or Trusts Plan the business trust provides protection for qualifying business and agricultural assets together with inheritance tax planning opportunities that are frequently overlooked.

Clients often expose their qualifying business or agricultural assets to potential social impacts of divorce or creditors whilst also failing to optimise the tax benefits available to them.



Case Study

Mr Smith owns 100% of the shares in company A and his accountant has confirmed that his business shares qualify for 100% business relief (BR). On Mr Smith's death his shares pass to his daughter who already works in the business. Mr Smith's daughter intends to continue running and growing the business. The shares qualify for BR and so do not form part of Mr Smith's estate for inheritance tax purposes (IHT) but there could now be implications for the company should Mr Smith's daughter's circumstances change **thus giving no bloodline protection to the company.**



Divorce, Separation or Creditors - If Mr Smith's daughter divorces, separates or becomes liable to creditors, the potential damage to the company could be huge. Courts could force Mrs Smith to:-

SELL SHARES TO A 3rd PARTY ! SELL COMPANY ASSETS ! REPAY DIRECTOR LOANS ! INCREASE DIVIDENDS ! FORCED SALE !

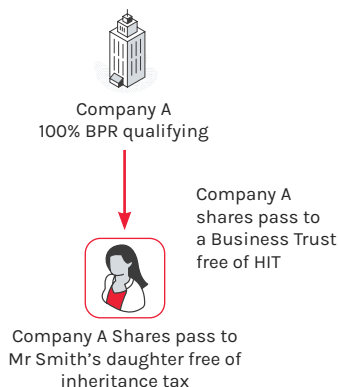
A further issue arises if the company is sold on Mr Smith's death or in the future. In this instance Mr Smith's daughter potentially receives a significant cash sum which **will then form part of her estate for IHT** purposes together with being potentially attacked from other social impacts such as divorce, creditors or bankruptcy.



Tax - Dependant on Mr Smith's daughters estate she could then pay **£40,000 inheritance tax on every £100,000 from the sale of the business shares.**

Solution

Mr Smith establishes a Business Trust for the receipt of his business shares upon his death. The main beneficiary of the trust is his daughter together with other classes of beneficiaries to maintain bloodline protection.



Divorce, Separation or Creditors - If Mr Smith's daughter now divorces, separates or becomes liable to creditors, the trust can offer **invaluable protection to the business.**



Tax - Establishing a Business Trust will ensure that the business shares or the capital sum from the sale of the shares, remains outside of the beneficiaries estate for IHT, saving **£40,000 on every £100,000!**



Bloodline Protection - Establishing a trust framework will ensure that the business or the capital sum raised from the sale of the business can continue within the bloodline for generations to come.