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Transaction tax advice

Your business lifecycle

Inception

- Consider who the appropriate shareholders might be – individuals, corporates, trustees.
- What should the structure look like – standalone or parent/subsidiary?
- Getting shares rights correct from the outset is important – who should have.
- Voting, capital and income rights. These are important for BADR entitlement in the future.
- Will the company be financed by loans or share capital?
- Consider any employment related securities issues.
- External investment and EIS/SEIS/investors relief.

Growth

- When is the appropriate time to incentivise key stakeholders (EMI, CSOP, growth/flower shares, nil/partly paid shares.
- Consider expansion and financing options – equity or debt?
- Are the decisions made at inception (for example, structure, share rights, legal entity) still fit for purpose?
- Consider methods of cash extraction – is there a need for personal cash now or consider how best to invest for future?

Exit

- What are the key objectives for shareholders: **pass on to next generation, reinvest to generate funds for future, retire/cash out and spend**.
- Should we consider transferring value prior to exit? Timing of exit will be crucial in determining what is achievable.
- What is the appropriate mechanism for exiting – to be considered in light of commercial objectives and where appropriate, future family plans.

Pre-exit planning

Objectives	Personal tax input	Timescales
Passing wealth down to next generation	Simple gift of shares to a family member pre-exit	1-2 months
	Gift of shares to trust pre-exit to minimise IHT exposure (subject to £1mil allowance from 6 April 2026)	1-2 months following creation of trust (requires legal input, say 6 months)
	FamMBO	3-6 months
Reinvest to generate cash for future	Consider a family investment company SSE planning	1-2 months
Retire/cash out and spend	Consider best route: MVL, 3rd party sale, share buyback, MBO, EOT	Up to 12 months to consider range of options and best course of action
	Minimise CGT exposure on exit – consider availability of BADR or consider transferring shares to a spouse pre-exit	3-6 months, however noting the 2 year' holding period to qualify for BADR
	Tax residency position	Longer term

Post-exit planning

Capital gains tax

- Bear in mind the 3 year window for reinvesting in qualifying business assets with the ability to roll over capital gain.

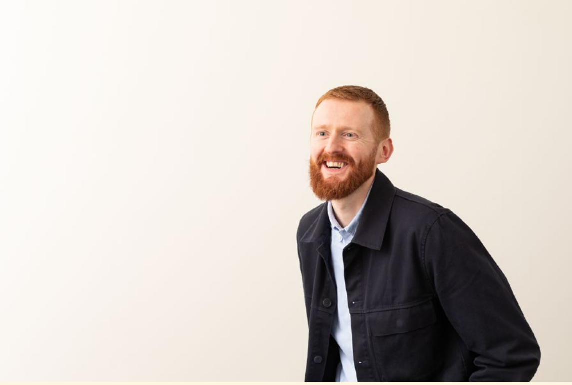
Inheritance tax

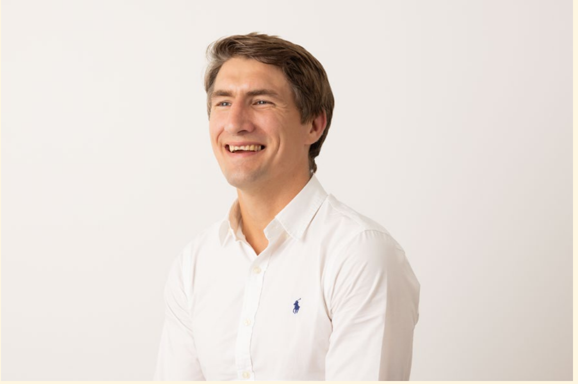
- Consider the impact of converting a business to cash, foregoing valuable IHT reliefs.
- AIM investments offer 50% protection.
- Consider use of family investment company post-exit, with ability to pass value/growth down a generation – no tax-deferral.
- Consider reinvestment in EIS/SEIS – tax-deferral available.
- Review Wills and wider IHT objectives.

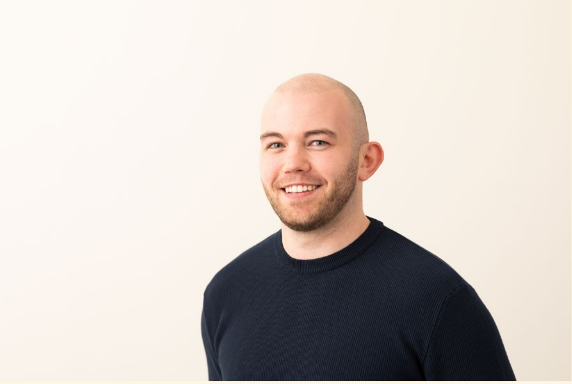
Other options

- FOTRA planning.
- Investment bonds (onshore or offshore).
- Discounted gift trusts, as an alternative to pension.

Key contacts







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Disclaimer: This content is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice. The impact of any taxation (and any tax reliefs) depends on individual circumstances.

These slides do not constitute formal advice and should not be relied upon as such.

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