

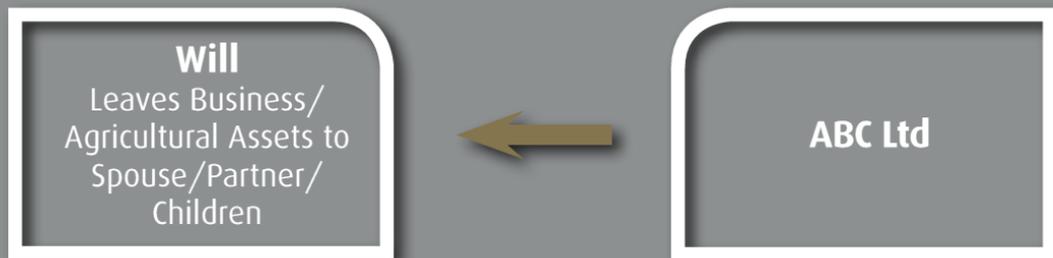


Typical existing planning

**Additional planning solution for:
Business/agricultural assets**

Note: This sheet only applies to Business and Agricultural Assets that attract Business and Agricultural Property Relief.

Diagram 1.



Where this is no will, or only a basic will in place, your business assets are exposed to the following risks:

Inheritance Tax

Business property relief may be available on business assets but if Spouse/Partner/Child decide to sell the business the proceeds will enter their estates creating a potential IHT liability on their death. 40% of the value of the business could be lost to future generations

Examples of potential inheritance tax liability
Mr owns 100% of ABC Ltd which is valued at £1,800,000, Mr Dies leaving his business to his Spouse/Partner/Child. No IHT payable on Mr's death assuming the availability of business property relief (BPR)

Subsequently, the spouse/partner/children decide to sell the business resulting in £1,800,000 entering their estate

When the spouse/Partner/Children die they leave a potential IHT bill of £1,800,000 x 40%=£720,000

3rd Party claims

Share of company is now part of spouse/partner's/children's estates and therefore is at risk from any future divorce settlements, creditors and bankruptcy

Changes in legislation

If rules on BPR & APR change between 1st & 2nd death, when spouse/partner/children dies these reliefs may not be available. Opportunity to take assets out of estate will have been missed

Diagram 2.



Periodic and exit charges

If the business/farm is sold then may give rise to periodic and exit charges if value of assets exceeds

Solves the above problems of inheritance tax, 3rd party claims, and potential changes in reliefs

This Sheet contains only general planning and is not to be construed as advice for any personal planning. Each strategy recommended is based on individual circumstances

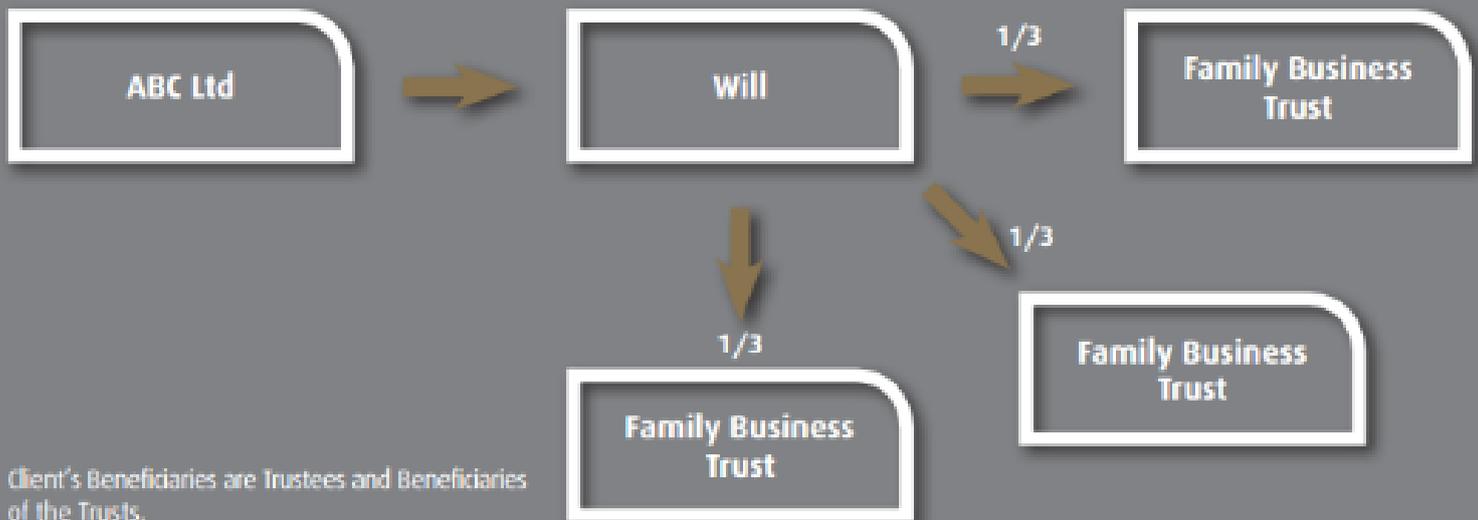


Our Solution

**Additional planning solution for:
Business/agricultural assets**

Leave the business to a series of Discretionary Family Business Trusts.

Diagram 3.



Client's Beneficiaries are Trustees and Beneficiaries of the Trusts.

Periodic and exit charges

Multiple trusts will be established so that each family business trust holds less than the nil rate band. This insures that they do not incur periodic and exit charges (on the condition that the trusts are dated on different days – re rysaffe). Each trust receives an equal value allowing for growth within the trust funds.

Illustrative example: businesses worth £800,000. A third share (£266,666) left to each of three trusts

Inheritance tax example

Mr owns 100% of ABC Ltd which is valued at £18,000,000. Mr Dies leaving the business to the family trusts. No IHT tax payable on Mrs Death due to BPR/APR

For more information please call us on

0845 6522209 or email

info@elatco.co.uk

Subsequently, the spouse/partner/children decides to sell the business resulting in £1,800,000 entering the trusts

When the spouse/partner/children die, IHT taxable on the proceeds of the sale of business =£0 a saving of £720,000 compared with if trusts are not used (see diagram 1)

Third party claims

The proceeds from any future sale of the business will be protected from divorce, remarriage, bankruptcy, and long term care

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