

TAX PLANNING

Smart effective tax planning is vital in all businesses irrespective of size, industry or its stage in the business lifecycle. The tax planning strategy adopted will depend on your business structure, what you are looking to achieve and can evolve over time as the business grows and changes in addition to changes in the regulatory and commercial environment.

Tax planning can assist in identifying options to minimise tax, aid efficient cash extraction, facilitate succession planning and maximise value retention.

At the Beginning

During the early stages of a business, tax planning can assist with maximising cash flow and reducing potential tax charges to free up cash for investment to grow the business.

Deciding on a business structure is also important. There are many different options to consider in deciding your optimum structure which can range from self employed as a sole trader to limited companies and group structures. There are pros and cons to all structures and the structure chosen will be influenced by your particular needs and aspects of your business. Many factors need to be considered such as your long term goals, profit levels, risks of the industry in which the business operates and cash extraction plan.

The business structure chosen can impact on the way your business works and the tax implications arising.

Up and running

Once up and running, effective tax planning remains essential. Due to legislative changes, tax planning cannot remain static and needs to be reviewed on a regular basis. Your plan also needs reviewed to ensure it maximises value retention while still supporting your goals and long term plans.

Consideration may need to be given to the recruitment and retention of staff to drive the business forward and maximise its potential. There are many different employee incentivisation measures which can be considered such as remuneration planning, employee benefits and share schemes to assist with this.

Cash extraction will become important and the most tax efficient manner in which this can be achieved. Depending on the business structure this can often be a combination of methods such as salaries, dividends and pensions with different tax implications for each.

Exit/Succession Planning

Many different tax issues can arise when looking at your succession plan. The most common routes are passing the business to the next generation, a management buy out or sale to a third party. The route chosen will depend on your commercial and family objectives in addition to the timing of the transfer.

Whatever route is chosen, you need to ensure that you are making the most of the tax reliefs available for both the business and the individual. There are many conditions to be met to obtain the valuable tax reliefs and therefore, structuring may be required. Such structures often need to be established within certain time frames to be effective, therefore, advance planning is essential.

Tax planning is an essential component of every successful business and business transaction. Its crucial to start planning early and to review it regularly as your objectives and the regulatory environment changes.

How we can help

We are here to help structure your business and transaction to maximise tax efficiencies.

Our team of specialists can assist your business :

- to ensure it is structured tax efficiently
- to ensure it is tax compliant
- Identify tax reliefs and allowances available to reduce potential tax liabilities for individuals and businesses
- with the recruitment and retention of staff
- with tax efficient remuneration planning
- Planning for a potential sale or a retirement from the business.

Please contact our Tax Planning team on 02887752990 for more guidance and support.