



Private Client Advisory

Tax Strategies for Maximizing Business Wealth

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Tax

**The safest way to double your money is to
fold it over once and put it in your pocket**

Frank McKinney (1868 – 1930)

Agenda

- **What is business wealth?**
- **5 key strategies**
- **Why your clients need you**

What is Business Wealth?

- **The Business**
- **The Owner**
- **Selecting your client**

How you can find new clients? (or the advantage of retaining funds in a company)

- IHT definition for BPR
- No taper problems
- “Money box” mentality

Maximising business wealth: Devising the Strategies

- Strategy One: Choose the correct structure**
- Strategy Two: Watching the future**
- Strategy Three: Maximise the use of tax reliefs**
- Strategy Four: Understand the offshore dimension**
- Strategy Five: Interact properly with HMRC**

Strategy One: choosing the correct structure

- **UK Company**
- **Partnership**
- **Trusts**
- **Offshore company**
- **“Wrappers”**

Wrappers

- **Offshore bonds**
- **Protected cell companies**
- **Employee benefit trusts**

The advantage of trusts

- **Flexibility**
- **Passing control of trusts**
- **Using beneficiary tax rates**
- **Offshore advantages**
- **BUT funding issues**
 - **normal expenditure**
 - **Nil rate band**
 - **BPR**

Family Limited Partnerships I

- **What are they?**
- **Are they the future?**
- **The opportunities**

Family Limited Partnerships II

- **LP/GP created**
- **Parents transfer 99% to FLP**
- **GP acquires 1%**
- **Parents gift partnership interest**

Key aspects

- **Tax analysis**
- **Regulatory issues**
- **Wider platform**

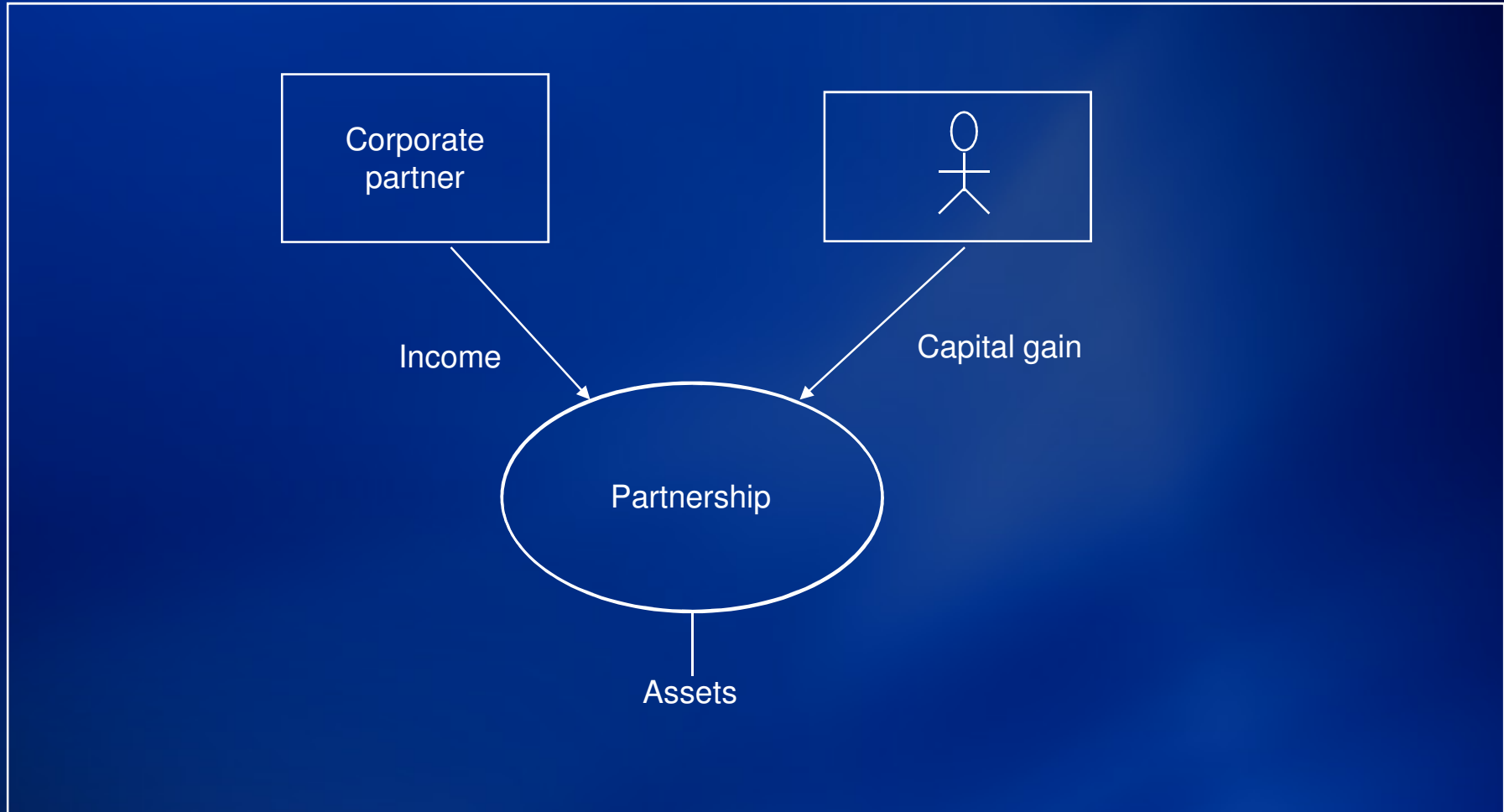
Maximising wealth: moving between structures

1. Incorporation techniques
2. Why partnerships are important
3. Crossing frontiers

Strategy Two: Watching the future

- **Key is to be flexible**
- **50% plays 18%**

Partnership planning: increased emphasis



Strategy Three: maximise the reliefs

- Tax mitigation v tax avoidance
- Adding value and helping clients

CGT reliefs

- Gift relief
- Entrepreneurs relief
- Reinvestment relief

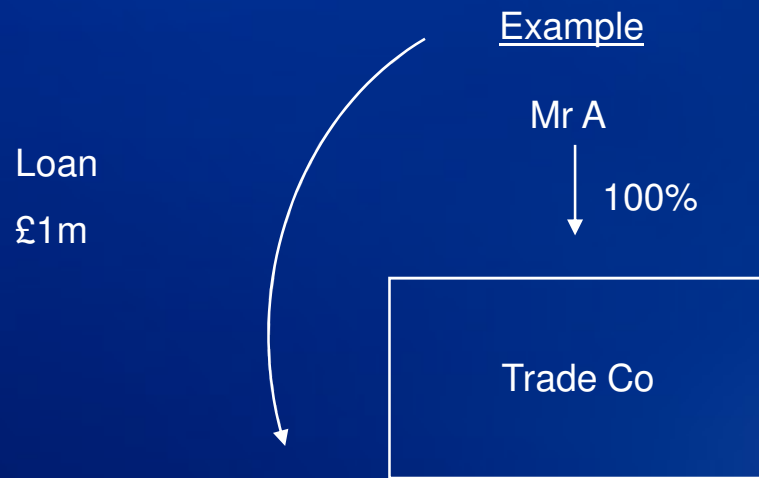
IHT reliefs

- Nil rate band
- Normal expenditure
- BPR

BPR I

- **Automatic**
- **Percentage reduction**
- **Death and inheritances**
- **A business and interest on business**
- **Any unquoted shares**
- **Unquoted securities which gave the transferor control**

BPR2: Example



Strategy Four: The offshore dimension I

- **Domicile**
- **Deemed domicile**
- **Residence**

The offshore dimension II

- **Tax structuring**
- **£30,000**
- **HMRC approach**

The offshore dimension III

- **Anti-avoidance provisions**
- **Management and control**

Strategy Five: Interact properly with HMRC

- **Disclosure**
- **Reaction**
- **Interaction**
- **HNWs**

Conclusion

- **Tax can be critical**
- **Forward planning is increasingly important**
- **Role of advisers is increasingly significant too**

A final thought on business succession

“It is better to live rich than to die rich”

Samuel Johnson (1709 - 84)



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