

## Business structures

Whether you're just starting out in business, thinking about selling, or looking to reinvest your sale proceeds, there are plenty of tax issues for you to consider.

Whatever stage you're at, we at Foot Anstey want to help you find the most tax-efficient route.

We've put together this very brief guide for business owners. If you'd like to find out more about any of the issues covered, do give us a call and we'll be happy to help.

### Contact:

John Pindard - 01752 675571 ( [john.pindard@footanstey.com](mailto:john.pindard@footanstey.com) )

Malcolm Emery - 01392 685233 ( [malcolm.emery@footanstey.com](mailto:malcolm.emery@footanstey.com) )

Sarah Anderson - 01752 675105 ( [sarah.anderson@footanstey.com](mailto:sarah.anderson@footanstey.com) )

### WARNING

**The information contained in this guide is for generic use only and cannot be relied upon for any specific transaction. We recommend that specialist professional advice is taken from a member of our tax team before entering (or refraining from entering) into any specific transaction or structure.**

These are some of the main tax issues relating to common business structures.

### **General partnerships**

- Tax transparent. Individual partners taxable on income or capital gains arising on partnership interest
- Each partner's share of the underlying assets forms part of their estate for Inheritance Tax (IHT) purposes
- Potential CGT liability for transferor on transfer of assets from individual to partnership. Holdover relief may be available for business assets
- Gifts to partnership free of IHT if transferor survives the gift by seven years. If death occurs within seven years, other reliefs may be available
- Reduce property value for IHT purposes via agricultural or business property relief
- Potential liability to SDLT if land is transferred to a partnership.

### **Limited liability partnerships (LLPs)**

- Tax treatment as for general partnerships
- Proposed income shifting rules may apply to family businesses if members are not actively involved in the business
- Potential CGT charge if capital sharing arrangements change.

### **Company limited by shares**

- Corporation tax payable on all income (except dividends) and capital gains
- Potential CGT liability on transfer of assets by individual to company. Incorporation relief or holdover relief may be available
- Shareholders liable to income tax on dividends
- Potential liability to SDLT if land is transferred to a company
- Value of shareholders' interest in company forms part of their estate for IHT purposes.