

# Wright Business

*Business Property Plan*

WRIGHT HASSALL  
SOLICITORS

# Protecting you, your family and your business

When you have built a business, you want to be sure that the long-term choices that you make are well-thought through and will protect yours and your family's interests should anything happen to you. We discuss what you are looking to achieve and then identify the most effective and efficient tax solutions for your individual needs. All of our documents are tailored to your personal requirements and we firmly believe that one size does not fit all. Areas of specialist advice include:

- Agreement of your bespoke, tax efficient will planning report including estate, Death in Service and Pension Death Benefit planning
- Shareholder Protection Planning to ensure that your business is protected should anything happen to you or your beneficiaries
- A company document review to ensure that key documents including the memorandum and articles, partnership agreements and shareholder agreements reflect your wishes.
- Discussion of Lasting Power of Attorney and how this will impact on your business

## Business Property Plan

If you own shares in a non-listed trading company or in a trading partnership, or own copyright or patent rights, you can make considerable Inheritance Tax savings via your will. Even if your shares or partnership share are subject to a cross-option agreement, shareholders agreement or partnership agreement or option in favour of your co-owners, the Business Property Plan can still be used to make considerable Inheritance Tax savings.

In addition to saving tax, the Business Property Plan is a useful structure to pass your business property to your spouse, partner or children whilst protecting the business by appointing appropriate business-minded trustees to run or manage the business for the benefit of your beneficiaries.

## How does it work?

You leave your company shares or share in a business partnership into a Business Property Plan. The trustees of the Plan have flexible powers to benefit your spouse, partner, children or other beneficiaries. The trustees can use their powers to utilise the Inheritance Tax Business Property Relief (BPR) at 100% to make considerable tax savings against your non-business assets and effectively use the tax relief twice.

## Who is the Business Property Plan suitable for?

- Owners of a trading business (either a company or partnership)
- Owners of AIM listed shares
- Holders of intellectual property (copyright/patent rights)

## Interested?

For a no-nonsense chat about how a Business Property Plan could support your business, please contact the **Wright Business** team:



**John Rouse**

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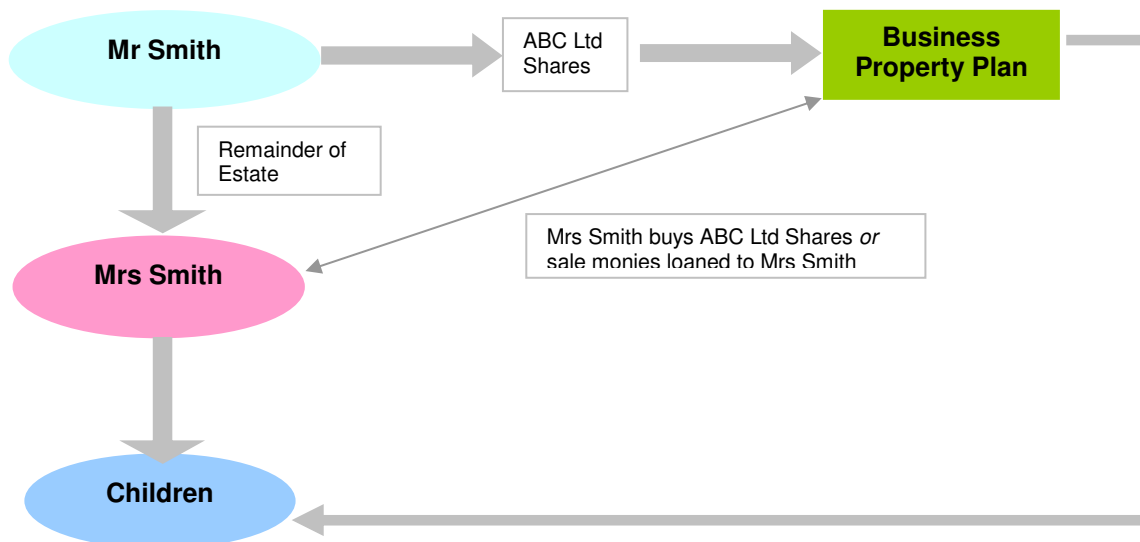
### *Areas of specialism*

- Business Property Plan.
- Succession planning, Shareholder Protection and Key Man insurance planning
- Will planning, including IHT and CGT efficient planning
- Powers of attorney for business owners
- Agriculture Property Planning

# A Business Property Plan Case Study

Mr Smith owns shares in a trading company ABC Ltd worth £300k. Mr & Mrs Smith have other assets worth £950k. Effectively they want to leave their estates to each other and, on the second death, to their children in the most tax efficient manner.

## How it Works



Mr. Smith leaves his shares in ABC Ltd into a Business Property Plan, with the remainder of his estate to his wife. Mrs. Smith buys the shares in ABC Ltd from the Business Property Plan with the purchase monies as an interest free debt due from Mrs. Smith. Mrs. Smith shares in ABC Ltd qualify for 100% Business Property Relief (BPR) for Inheritance Tax purposes. The £300k interest free debt that Mrs. Smith owes the Business Property Plan £300k is deductible from her estate for Inheritance Tax purposes.

Mrs. Smith's Estate	£950k
Shares in ABC Ltd	£300k
Total estate	£1.25m
Less: 100% BPR	(£300k)
Less: tax deductible loan	(£300k)
Less: NIL Rate Band x 2	(£650k)
<b>Inheritance tax payable</b>	<b>NIL</b>

## How much tax would they save?

**Without Planning.** Inheritance Tax of between £120,000 and £240,000 is payable

**With Planning.** Using a Business Property Plan, Mr and Mrs Smith could save up to £240,000 Inheritance Tax, whilst Mrs Smith will still benefit from all the assets.

To set up a Business Property Plan, please contact the **Wright Business** team:



### John Rouse

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### Areas of specialism

- Succession planning and asset protection
- Will planning for farmers and business owners, including IHT and CGT efficient planning
- Tax and Estate Planning for potential development land
- Powers of attorney