

# What Should You Receive When You Sell Your Business?



For owner-directors their many years of hard graft come to fruition on the sale of the business. It is only at this point that the personal wealth of those involved is realised and long overdue rewards received. However, happiness is often short-lived. No sooner has the owner-director received his reward then the tax authorities stake their claim.

For those lucky enough to have achieved full business taper relief, the effective rate of tax is currently 10%. However, the rate is actually stated as being one quarter of the top rate of tax, leaving the door open to current and future chancellors to increase the tax rate. For some, they may be happy to part with 10% of their reward but for others this may still be too much to bear. Are there any alternatives? There are a few, but most either carry a high risk warning or merely defer the tax payable. ARP offers a discrete and philanthropic way of enabling the owner-director to retain more of his reward whilst helping UK charities.

Our owner-director has now received his reward and knows how much he will have to pay to the tax authorities. Hopefully, if he has worked with ARP, this will be significantly less than the 10% mentioned above. Are there any other matters that he needs to be aware of when considering his personal estate? The main issue for consideration here will be Inheritance Tax.

Whilst his wealth was tied up in the business, it is likely that he would have been entitled to full Business Property Relief. This exempts that value from Inheritance Tax (40%) in the event of his demise. After the sale when his wealth is realised, this exemption will no longer apply to the cash received and his estate will carry a significant Inheritance Tax liability. For many, previously the main option would have been to carry some form of insurance cover. This can prove to be costly. ARP also offers a select long-term approach to minimising the exposure to Inheritance Tax.

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