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Article

‘Keeping it in the family’

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‘If your family business is up, running and profitable, now is the time to start thinking about your exit’ says Sheila Glyn-Owen, managing partner at Phillips Solicitors.

The mix of business, family and money can be explosive and at worst can result in family rifts and breakdown. Distributing shares among family members is common practice but can be fraught with risks. For example if the family shareholders want to capitalise on their asset, you the business owner may be forced to float, go public and lose control over the business that you have put so much time and energy into making a success.

On the positive side the Inheritance Tax (IHT) system in the UK is favourable to certain types of family shareholders. Indeed if you choose to pass shares on to your family at death, then any IHT may be null and void as Business Property Relief (BPR) applies.

If you want to buy in to a family business, opting for a straight buy-out from family members can be a clean and straightforward way of handing power over. Then the family sellers can choose to enjoy their wealth or loan money back into the business. If you then want to pass your assets to your children at death, there are a number of steps you can take such as placing your child’s inheritance into a trust and there are also wills and pre-nuptial agreements that can set out how wealth is to be distributed.

Sheila Glyn-Owen comments: ‘The IHT regime in the UK can and does change nearly every year, meaning that passing on business assets or shares to your children requires careful planning, so if you want to ‘keep it in the family’, get some good professional advice from a firm that has both business law specialists and an experienced private client team of solicitors.’

Sheila Glyn-Owen is managing partner at Phillips, which has teams of solicitors specialising in business and private client matters. You can call Sheila on her direct line: 01256 854637 or email her at: sglyn-owen@phillips-law.co.uk. Visit our website at www.phillips-law.co.uk