

In association with



LEGAL & FINANCIAL

Avoiding a late taxing deadline

INHERITANCE tax planning is a must for all business owners. You need to decide what will happen on your death and what the financial implications are for your family.

Certain business assets are effectively exempt from inheritance tax if they can be classed as "Relevant Business Property" and have been in your ownership for more than two years. In addition there are a number of assets that qualify for inheritance tax relief, for example, agricultural property and woodlands.

Inheritance tax relief is available at 100 per cent for:

- The assets of, or an interest in, a business e.g. one run by a sole trader or partnership
 - Any unquoted shares in a trading company
 - Any other unquoted securities in a trading company of which you have control.
- Relief at 50% is available for:
- Quoted shares and securities in a trading company under your control
 - Any land, building or

Diana Smart is head of Taylor & Emmet's probate department and one of the few solicitors in Sheffield who is also a chartered tax adviser



Adviser: Diane Smart

machinery used for business purposes by a company you control or by a partnership of which you are a partner.

Interestingly, shares listed on the Alternative Investment Market are considered to be unquoted for the purposes of Business Property Relief (BPR). If you have owned them for at least two years, they too will be exempt from inheritance tax. This is a useful planning tool, but the choice of company is important if the tax saving is not to be lost in a poor investment. Speak to an independent financial adviser for more information.

It is important to note that BPR is only applicable to companies that trade, rather than invest. If you own a property that you rent out, BPR would probably not be allowed, but if

you provide a service connected to the property, it should be available.

If you are due to retire, you need to decide whether to pass your business interests on immediately, or keep them until you die. This is always a difficult question and should not be answered on tax issues alone.

Passing on your interest in the business now may mean you have to pay capital gains tax, but after taper relief this should only be at 10 per cent. For further information contact Taylor&Emmet on (0114) 290 2200 or visit www.tayloremmet.co.uk

Equity deals are welcome

Access to right funder is the way forward

MUCH has been written about private equity in the past 12 months with opinion seemingly divided between those who believe it is nothing more than opportunistic asset stripping and those who believe that it provides an essential catalyst for economic development.

Whatever the merits of each party's argument, the one thing that is not in dispute is that there is a record level of private equity funds waiting to be invested.

Closer to home, this has manifested itself in a number of notable deals in the past 12 months including the buy-outs of Camwatch and EDSR both backed by Aberdeen Asset Managers, the investment in Christy Group by Barclays Ventures and the disposal of Fletchers Bakeries to Vision Capital.

Whilst the city boasts two home grown funders in SYIF and UK Steel Enterprise, it still



By Don Gray

Director, Ingram Forrester Corporate Finance: independent corporate finance arm of Barber Harrison & Platt

relies on financiers from outside the South Yorkshire region for deals requiring more than £2.5m of equity.

In my view, whilst it would be nice to think that Sheffield could support a greater choice of local funders, it is more important that clients have access to the right funder, irrespective of geography.

Finding the right partner is the key to success and fortunately there is no shortage of private equity houses that are willing to travel for the right

opportunity. At Ingram Forrester Corporate Finance, the independent corporate finance arm of Barber Harrison & Platt, our own deal flow reflects the general increase in the appetite of the private equity community.

The traditional application of private equity finance has been to fund management buy-outs or provide development capital to growth companies.

A more recent trend that we have witnessed is the increasing popularity of the "cash-out deal" where existing shareholders take the opportunity to crystallise value in their business whilst retaining a stake for a second bite of the cherry.

Irrespective of whether the new Chancellor seeks to appease the critics of private equity by removing some of the perceived tax advantages, our view remains that for those shareholders or management teams contemplating a transaction, the current market provides significant opportunities.

Taylor&Emmet SOLICITORS

BUSINESS LEGAL SERVICES

- ▶ Corporate & Business Law
- ▶ Employment Law & HR Support
- ▶ Commercial Property
- ▶ Business Litigation
- ▶ Debt Recovery

PERSONAL LEGAL SERVICES

- ▶ Residential Conveyancing
- ▶ Wills, Probate, Inheritance Tax & Trusts
- ▶ Personal Injury & Clinical Negligence
- ▶ Employment Issues
- ▶ Family Law

www.tayloremmet.co.uk



20 Arundel Gate, Sheffield S1 2PP
Tel: 0114 290 2200 Fax 0114 290 2288
email: info@tayloremmet.co.uk

Also at: 890-892 Ecclesall Road, Sheffield S11 8TP
and 90 Middlewood Road, Hillsborough, Sheffield S6 4HA



We call it
joined up thinking...
you might call it
cashflow

We are much more than an average Insolvency Practice - as well as rescuing businesses, we help raise finance, collect debts across the UK, Europe & the world - using many languages, we investigate fraud, recover assets, train staff in credit management, arrange finance, carry out field audits....

Speak to **Jeremy Priestley** on **0114 275 5033** to find out how we can help you survive & prosper



The P&A Partnership
www.thepandapartnership.com

The P&A Group, 93 Queen Street, Sheffield S1 1WF