



BACKGROUND

Roythornes' family team was advising the owner of a large fresh produce company who was planning to give his shares in the company to his sons. Both sons had been actively involved in the business for a period of years. However, before they could receive the shares, the father insisted that each sign a post-nuptial agreement with their respective partners to ensure that the wealth coming to them was going to stay in the family.

While this work was being delivered by our Family Law team, the nature of our co-operative working means that we are often asked to review the work of other teams to ensure that there are no unintended tax consequences.

In this case, we had to ascertain what the sons were planning to do with the shares they would receive. It transpired that there was a plan to market the company for sale. They had sought tax advice elsewhere on the specific question of the availability of entrepreneurs' relief, but understandably, had not considered the need to take inheritance tax advice at the same time.

SOLUTION

Our investigation into the circumstances and proposed next steps revealed that if the business was sold after the father had divested his shares to his sons as proposed, this would dramatically affect the father's inheritance tax position due to the potential claw back of business property relief.

This could well have resulted in the father receiving a hefty inheritance tax bill from HM Revenue & Customs.

Once we had identified this possible unintended consequence, we were able to advise him to take out an appropriate insurance policy against this risk.

RESULTS

At Roythornes we do not work in silos. We take an interdisciplinary team approach meaning we investigate all the different facets of your situation before providing you with advice.

We maintain our focus on the details without losing sight of the bigger picture where no action is ever considered in isolation from its next logical step.

This approach enables us to deliver accurate and indispensable advice to our clients.

For further details please contact us:

Spalding	01775 842500
Peterborough	01733 558585
Newmarket	01638 561320
Nottingham	0115 9484555

www.roythornes.co.uk