

SALE OF BUSINESS INTO TRUST



SCENARIO Ms Williams is in her sixties and recently sold her food manufacturing company for £3.6million and has decided to retire.

Ms Williams has 3 grown children and would like to gift money to them over the next few years but would also like to ensure that inheritance is protected from IHT where possible.



PROBLEM Ms Williams's company qualified for business relief but now she has sold her shares this value is deemed to be within her estate and is therefore at risk of being charged IHT when she passes away.

Ms Williams would like money she is putting aside for her children to be protected by a trust to ensure they benefit from the money at the right time and for the right reasons.



POTENTIAL SOLUTION Ms Williams invests £1.8m into a Business Relief (BR) qualifying proposition. This money, which is invested into a business relief qualifying renewable energy company, immediately qualifies for replacement relief as it is invested in another business relief qualifying company.

As this is exempt from IHT it can then be moved into a Discretionary Trust without any chargeable lifetime transfer. As this is now exempt from inheritance tax it has no impact on Ms William's Nil Rate Band which can be utilised by other assets.



IF THE INVESTOR DIES AFTER 2 YEARS £1.8m returned to the trust, saving £720,000 in inheritance tax.



DEEPBRIDGE FEES CHARGED TO THE INVESTOR Nil. If invested via a financial adviser, there are no fees, dealing costs, custodian fees or exit penalties charged to the investor at any time during the investment, all of the investment is deployed affording up to 100% tax relief.

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