

ARE YOU READY



What would happen if you were unable to continue running your business?

The success of a small business is very closely associated with the individual owner's talents and skills. If the owner should suddenly become ill or unable to carry on running the business, problems are likely to arise very quickly.

How then to ensure that matters can be dealt with quickly and efficiently on your behalf by someone you trust?

If you become incapacitated

What if you were to suffer an accident or illness and become unable to run the business due to mental incapacity?

A sole trader does not have a partner who can continue running the business and if they have not made any provision for succession, can leave their family and beneficiaries, employees, contractors and clients with many intractable problems. Even in a partnership, succession formalities should always be in place.

Don't leave legal issues too late: seek advice at the earliest stage.

For more information, please contact us on 01689 822554 or visit our website www.thomasdunton.co.uk

In the event of death

In order to protect your family and the business it is advisable to consider taking the following steps if the business owner dies:

- Taking out life assurance policies so that funds are available to enable other partners or shareholders to buy out your interest in the business after your death, or simply to provide the business with extra working capital to tide it over a period of uncertainty.
- Regulating the succession by means of specific provisions in shareholders' and partnership agreements.
- Ensuring that your will is up to date and leaves the business to a suitable person, or makes other specific provision, for example the executors may be instructed to sell the business.

Inheritance Tax (IHT)

It is very important to ensure that you are aware of the relevant rules relating to IHT that would entitle the executors of your estate to claim Business Property Relief (BPR) – and thus get either 100% or 50% relief for IHT on business assets. (The actual rate of relief depends on the type of business property.)

The whole value of the business can be 100% exempt from IHT if you plan the business structure carefully. However BPR rules are complex and it is easy to lose the exemption, so it is worth taking proper advice.

Lasting Powers of Attorney

What would happen to your business, if you, or other decision-making personnel, lost mental capacity? The impact on the day to day running of your business could be severe. Your bank accounts may be frozen, and deadlines could be delayed until a deputyship order is granted.

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A client guide to Planning Your Business Succession

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A Lasting Power of Attorney (LPA) can help avoid this disruption. An LPA is a convenient and powerful legal document which gives legal authority to another person (an attorney), to make decisions in your best interests. Most LPAs relate to your financial affairs and/ or future care but a Business LPA relates to a specific business and can sit alongside personal LPAs.

Provision for a person to be removed from office due to incapacity is now seen to be discriminatory and potentially unlawful under the Mental Health (Discrimination) Act 2013.

Exit Strategy

An important part of your overall business planning should therefore include provisions for when and how the control of your business will be passed on to someone else under different circumstances.

Some guidelines

Consider all the alternatives, for example:

- Selling the firm
- Floating it
- Closing it
- Giving it away to a family member

You may want to keep the business in the family, in which event you need to identify a suitable successor

To what extent would you want to retain the right to continued involvement in the business? What if things do not go to plan? It is advisable to have contingency arrangements as well. If you may wish to sell the business, then plan in advance so as to achieve the highest value! Keep tax issues in mind, for example capital gains tax and inheritance tax.

Our Business Advice Service...

We offer a **free half hour consultation** where we can discuss your business, see if further help is needed and what the likely cost may be. You are under no obligation to take the matter further if you do not wish to do so.

The areas where we are able to advise include:

- Buying or selling business premises
- Licences, Permissions and Insurance
- Sole trader Partnership and Limited Company arrangements (Company Law)
- Contracts with clients, customers & employees
- Business Contracts
- Employment Law
- Health and Safety Regulations

To arrange your **FREE** interview,
please call us on 01689 822554
or email business@thomasdunton.co.uk

Our Pocket Employment Guide, providing up to date information on employment rates and information, can be downloaded from our website or by calling the above number.



This guide is not a full statement of the law. Individual advice should be taken before taking any action. The information in this leaflet is of a general nature and may not reflect your individual circumstances. Please also note that details may change.

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Here at Thomas Dunton Solicitors, we have been serving the community for over 40 years.

Our reputation as a competent, professional and compassionate law firm is echoed in our recent annual client survey:

93% of our clients said they would recommend us to their friends and family.



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