

*"Catherine Gannon has worked with us to help our business grow. Gannons' advice is practical, commercial and most importantly to the point."
Jeremy Scholl*

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Business Sale - Top Tips

There has never been a better time to sell your business. HMRC has given you a helping hand by increasing entrepreneur's relief to £10 million. The relief means you can make a profit of up to £10 million on the sale of your business and pay tax at 10% on that profit. Entrepreneurs relief is simple and many business people qualify. There is no particularly fancy tax planning required. Our six top tips for making sure you benefit include:

- Understand who your likely purchasers will be and when and why and position your business accordingly. For example, a management buy-out team will already know all about the business, but a large organisation will expect a sophisticated due diligence process.
- Work out what the buyer wants– is it the people and their skills or contacts, the IP, for example a patent, the brand or something else? Before you set out to sell, make sure you own what the buyer is looking for and/or that you have protected your interest in it. This might mean registering a patent, making sure you have an exclusive licence or that your workforce have up-to-date contracts.
- Make sure your shareholding qualifies for entrepreneurs' relief - this means that you meet a shareholding threshold and have been a director or employee of the company for a qualifying period.
- Check that your articles and shareholders agreement will not hinder the sale process - for example by making sure you have any necessary third party consents and tidying up any non trading subsidiaries.
- Ensure that you have the power to drag in minority shareholders to the sale – often all that is required is a change to the articles to achieve “drag along rights”.
- Take advantage of the very generous EMI option tax reliefs to lock in the key personnel you need on board to achieve the sale by giving them an incentive to stay.

Our experienced team can guide you through the process. Please contact Catherine Gannon or Rebecca Briam for more information or to discuss a fixed fee quote for legal work clientservices@gannons.co.uk