

CLIENT SUCCESS STORY

PRIVATE LIMITED COMPANY EOT

THE SITUATION

The company is wholly owned by a single shareholder and serves as a holding company for another company, which in turn owns three subsidiaries and several properties. The shareholder has been actively involved in the business since its inception and, after nearly twenty years of dedication, has decided to take a step back from day-to-day operations. In recognition of the hard work and commitment of the employees, the shareholder wishes to reward them appropriately.

THE SOLUTION

In this case, we have advised that the best way to achieve this desired structure would be by a sale to an Employee Ownership Trust (EOT). As part of this transition, the shareholder has decided to separate the properties from the company to ensure that the EOT Trust will not be burdened with non-trading assets. This approach provided the shareholder with a highly tax-efficient strategy, while also motivating employees to maintain dedicated and to continue to increase performance. We provided guidance on all necessary requirements and successfully obtained the relevant clearances from HMRC, ensuring a seamless process.

THE OUTCOME

Prior to the sale to the EOT, we facilitated a capital reduction demerger, transferring the properties out of the group and into a separate company wholly owned by the shareholder. We provided guidance throughout the setup and implementation of the EOT, navigating the legislative complexities to successfully complete the sale of the shareholder's majority shareholding to the EOT.

ADAM LEDIARD

CORPORATE TAX ASSISTANT MANAGER

