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Accounting resource: Tax planning for selling a private company.

"Selling shares in your business is often a once in a lifetime event. Maximising the post-tax value is the name of the game."

Alan Ross, Tax Director, Wilson Partners Ltd

10 things you must know about tax before you sell shares in a private company.

1. **Maximise business asset disposal relief (BADR)**
   Use spouses and children/trusts to save up to £100,000 per person

2. **Maximise investors' relief (IR)**
   For non-employee/director shareholders to save up to £1,000,000

3. **Employee ownership trust (EOT)**
   Sell more than 50% for no CGT. (Also, no CGT if "employee shares" from pre 2016)

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Tax planning

4. **Equity incentives for key executives**
   Make sure they pay 10% / 20% CGT and not 40% / 45% Income Tax plus NIC

5. **Corporate tax deduction for equity incentives**
   Make sure you get it and not the purchaser

6. **Sell shares or sell assets?**
   Big question – big difference in tax outcomes

7. **Take out cash**
   Plan ahead or the purchaser will have it

8. **Earn-outs & post sale employment**
   Don't turn a 10% CGT charge into a 20% CGT charge or income tax at 40% / 45% (plus NIC?)

9. **Become non UK resident to avoid tax**
   Savings from being out for only 1 year now limited so generally 5 years

10. **Share for share transactions**
    Don't turn a 10% CGT charge into a 20% CGT charge