



# Lifetime Business Tax Plans

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# What are Lifetime Business Tax Plans?



**‘Are you aware that there are over 1,100 different tax planning investment vehicles and reliefs?’**

Put simply, Lifetime Business Tax Plans (LBTP) are powerful and flexible vehicles that enables alignment of your business, wealth, investments and financial situation, legally allowing you to minimise your tax liability.

The key to a successful tax strategy is tailoring it to your specific, personal situation. Due to the control and the flexibility your tailored plan will offer, you are able to save tax, grow and protect your wealth in all areas of your financial situation. This can include growing your business, reducing Corporation Tax, ring-fencing assets, mitigating Inheritance Tax liability, reducing Capital Gains Tax, investing without tax penalty and growing your pension pot.

The power of a Lifetime Business Tax Plan is extensive and should be an essential part of your arsenal of business tools.

# How does the LBTP offer an all-in-one-solution?

A Lifetime Business Tax plan is made up of two components:

- 1. The Family Investment Company (FIC)**
- 2. The Small Self-Administered Scheme (SSAS)**

....both of which are exclusively available to company directors. The fundamental premise of The Lifetime Business Tax Plan is to give company directors the ability to protect their wealth for their family whilst continuing to grow their business, invest at their own discretion and grow their pensions without the impact of huge tax penalties.

By fusing these two powerful components, innovative and formidable strategies can be created for you, the business, your retirement and succession plans and your family!





# Is your company cash at risk of a 40% tax charge?

Most business owners (limited companies with 1 - 4 directors) are unaware that surplus cash in their company is subject to a punitive 40% tax charge.



## WHY SHOULD I BE WORRIED?

Because the starting point for HMRC is that company cash is an asset and therefore tax is due on it.

Should the business owner choose to invest profits in anything other than the day-to-day trade, then they will become immediately liable for a 40% surcharge on the profits that they have accrued and in addition, already paid Corporation Tax on!

The only potential relief available is if the business owner can show that the amount of cash held is reasonable and related to the company trade.

# Let us break it down

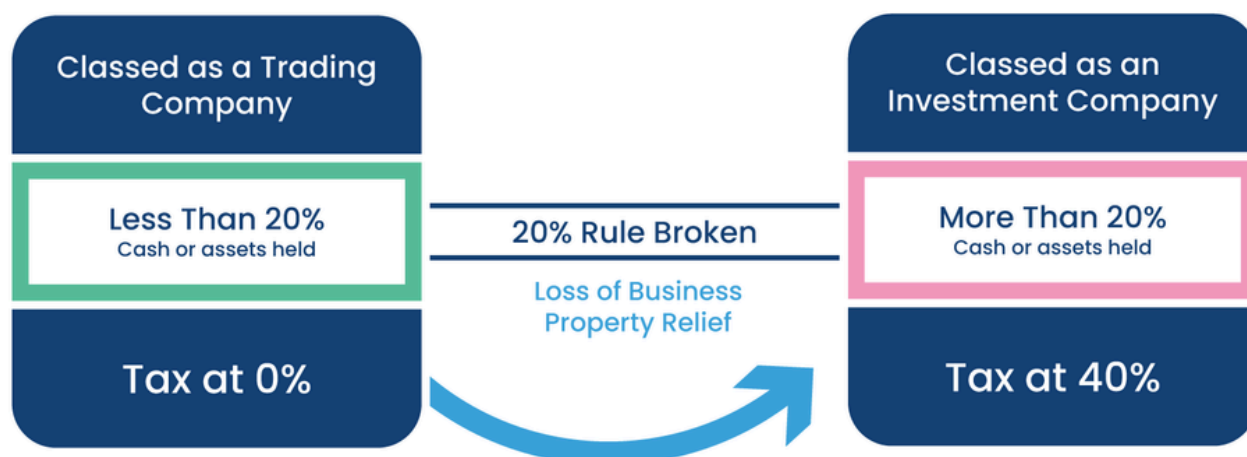
Technically, the shares in your company encompass the value of all the company assets, goodwill and cash held on account. The tax relief, applied if HMRC deem it appropriate, is Business Property Relief (BPR) and is applied to company shares.

BPR can only be claimed if your company is a genuine trading company and not an investment company.

## WHEN DOES THE CASH BALANCE CAUSE YOUR TRADING COMPANY TO BECOME AN INVESTMENT COMPANY?

The answer is generally found by applying a series of 20% tests which unfortunately, fall in favour of HMRC. The tests determine whether the cash represents more than 20% of the balance sheet, or more than 20% of the turnover or even the profit.

HMRC have been known to win first-tier tax tribunals as a result of the directors investing more than 20% of their time managing investments. An example of this could be where a director has a share dealing account and spends much of their time managing this rather than focussing on the trade of the company.



# Amongst the many unique advantages the LBTP offers, it enables company directors to:



- Invest or hold company cash without a huge 40% tax charge, which many company owners are at risk of
- Protect family wealth and assets
- Secure inheritance of company shares and assets without huge penalty
- Ring-fence assets for inheritance
- Transfer in and take control of former work pensions
- Combine and pool funds
- Transfer in company and pension cash to create significant liquidity
- Achieve wider investment choices in a low-to-zero tax plan
- Invest in property
- Grow the company
- Mitigate Inheritance Tax
- Create robust succession plans
- Invest in development property

# The Family Investment Company

## HOW DOES A FAMILY INVESTMENT COMPANY HELP?

As part of a Lifetime Business Tax Plan, the Family Investment Company element enables company cash to be moved into the bank account linked to the plan.

Shareholders of the original trading company (that may have inadvertently become an investment company) remain in full control of all the cash, but that cash is effectively held in trust for the benefit of their family.

This simple plan removes the tax charge in its entirety and allows the beneficiaries to receive the full cash balance. The cash can be invested within the plan, in any asset class from property to shares, and tax is only applied to the gains made through the investments, not the actual cash held.

Most importantly, the grey area of whether the company has become an investment company or not is removed and BPR can be claimed on the company share value.





# The Small Self-Administered Scheme (SSAS)

The SSAS is another essential business tool, exclusively available to company directors, and forms the second element of a Lifetime Business Tax Plan.

A SSAS is a form of tax exempt savings account, that can receive profits from a Family Investment Company, without suffering a tax charge. A SSAS can also make investments which are not subject to either Capital Gains Tax or Corporation Tax.

A significant benefit of a SSAS is that it can receive your dormant, frozen or current pensions, which can then be invested in your trading company, property or other asset classes. Moreover, family members can also pool dormant or current pensions to increase the investment potential of the SSAS.

## THE KEY BENEFITS OF A SSAS:

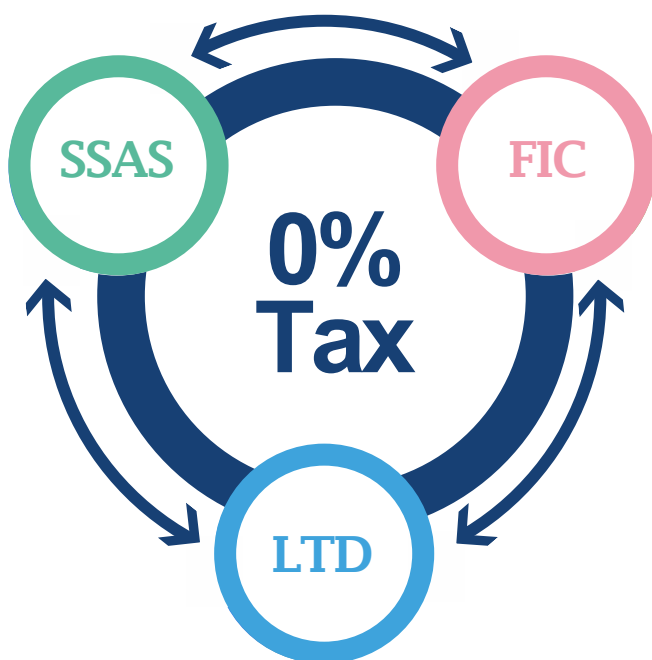
- No Capital Gains Tax or Corporation Tax
- 0% tax on investment returns
- Invest historic or current pension plans in your own business
- Pool pensions with other company or family members to achieve greater investment power
- Invest in commercial property
- Purchase your own business premises
- Invest in property crowdfunding
- Ring-fence assets
- Create a more flexible retirement plan, to the benefit of your successors and beneficiaries
- Create a robust succession plan for the business

# The ultimate tool for business owners

These are just a few of the tools available via the SSAS element of The Lifetime Business Tax Plan. When combined with the power of the Family Investment Company, The Lifetime Business Tax plan is the ultimate, powerful tool for business and family.

The transfer of company cash and former pension cash into one plan can create significant liquidity, thereby providing wide investment choice in a low to zero tax plan.

## WHY HAS YOUR ACCOUNTANT OR FINANCIAL ADVISER NOT MENTIONED THIS TO YOU?



Professional people working in the accountancy or financial advice sector only operate within their chosen specialist field and rarely interact with each other.

**A Lifetime Business Tax Plan is the solution that builds a bridge between a company tax product and a company investment product.**

We are registered with HMRC as trust and company formation providers and also provide technical SSAS compliance services.

**Contact us today and allow us to create a tailored solution to suit your personal situation.**

**BOOK A CALL**



## ABOUT TLPI

Since 2004 we have successfully helped thousands of clients with financial plans and have enviable positive feedback and review history which can be found on online.

TLPI recognise that business owners and their families need to work with consultants that understand businesses and the problems that business owners need solutions to.

We want to help you grow your assets and reduce your taxes. All of our consultants are experienced in property, investment strategy, pensions and business.



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