



# The Optimum Corporate Tax Structure

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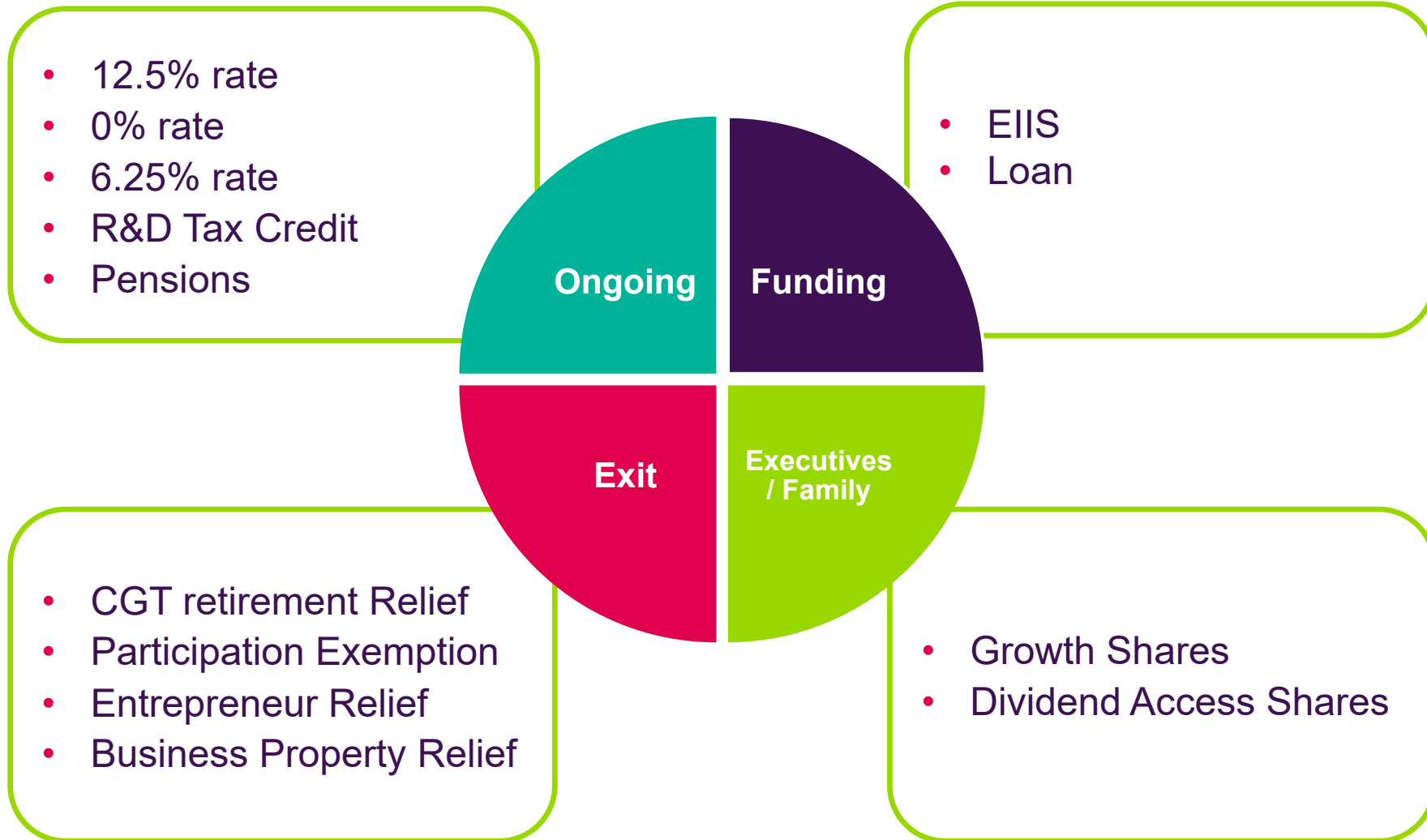
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# Corporate Structures - Tax Incentives



**Exit**

# Reliefs on Exit

## Participation Exemption - Companies

- > Company selling shares in another company

## Entrepreneur Relief - Individuals

- > Reduced 10% CGT rate on first €1m gain

# Reliefs on Exit

## CGT Retirement Relief

- > Family Transfers – no CGT
- > Third Party Sales – no CGT if proceeds < €750,000

## CAT Business Property Relief

- > Only 10% of value of gift taxable

# Case 1 – Third Party Sale

## > Retirement relief – key conditions

- > 55
- 10 years ownership / directorship,
- Size of shareholding
- < 66 NIL CGT if value < €750k
- > 66 NIL CGT if value < €500k

## Marginal Relief

- value > €750k / €500k threshold



# Case 1 – Third Party Sale

> **Entrepreneur Relief – first €1m @ 10%  
(UK £10m @ 10%)**

- 5% ownership test
- 3 year ownership test
- 3 year full time employment/directorship
- Interaction with retirement relief



# Case 1 – Family Transfer

- > **CGT Retirement Relief**
  - < 66; no upper value
  - > 66; €3m cap on relief
  
- > **CAT Business Property Relief**
  - 10% of value taxable
  - €310k tax free per child
  
- > **Clawback Periods**
  
- > **Retaining Control?**
  
- > **Combine with share buyback for parents?**



# Case 1 – cont.

## If wife also works full-time in business

### > Retirement Relief

- €750k limit x 2
- Minimum 10% shareholding each

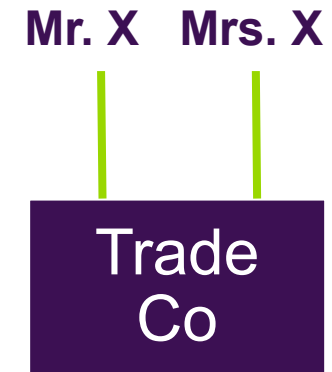
### > Entrepreneur Relief

- €1m x 2 @ 10%
- Minimum 5% shareholding each

### > Pension Funds

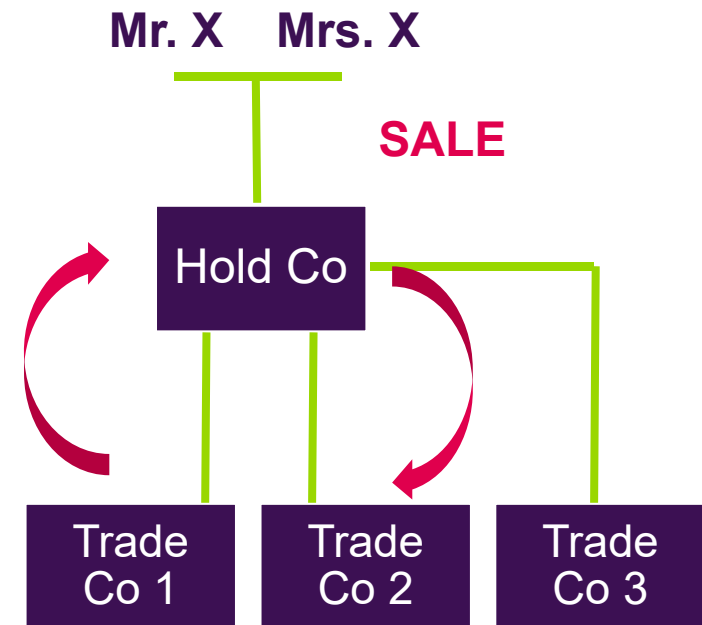
- 2 x pension thresholds

### > Transfer of shares between spouses



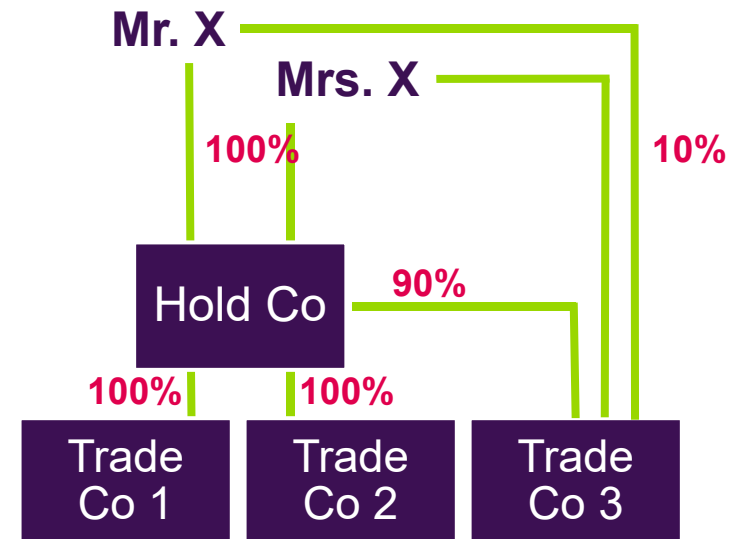
# Case 2 – Hold Co. Structure

- > Dividend up Surplus Cash
- > Sale by Holdco of TradeCo
  - 5% held > 12 months
  - Trading test
- > Sale of HoldCo?
- > Gift of HoldCo?
- > Inserting a Holdco?



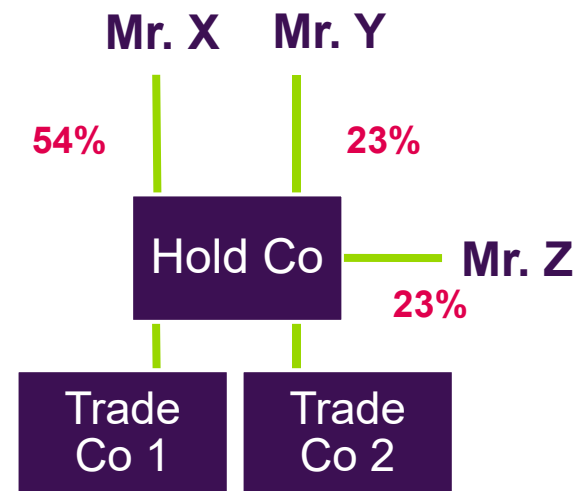
# Case 3 – If I knew then what I know now...

- > Mix of Corporate & Personal Ownership
- > Cap value of shares directly held at €1m → max Entrepreneur relief
- > Some proceeds personally, some to reinvest



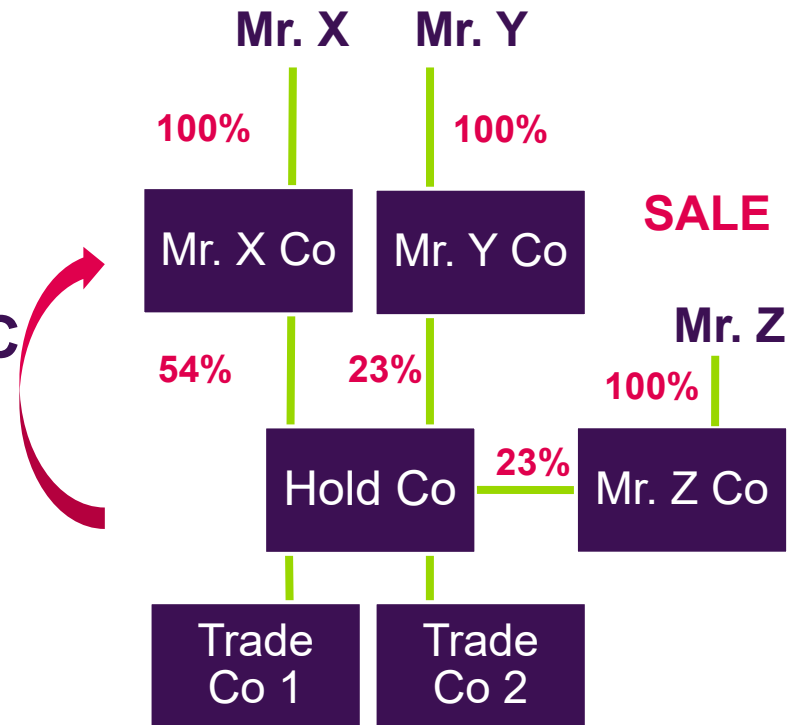
# Case 4 – Minority Shareholders

- > **25% Threshold**
  - CGT Retirement Relief
  - CAT Business Property Relief (or 10% sufficient?)
- > **5% Threshold**
  - Entrepreneur Relief
  - Participation Exemption

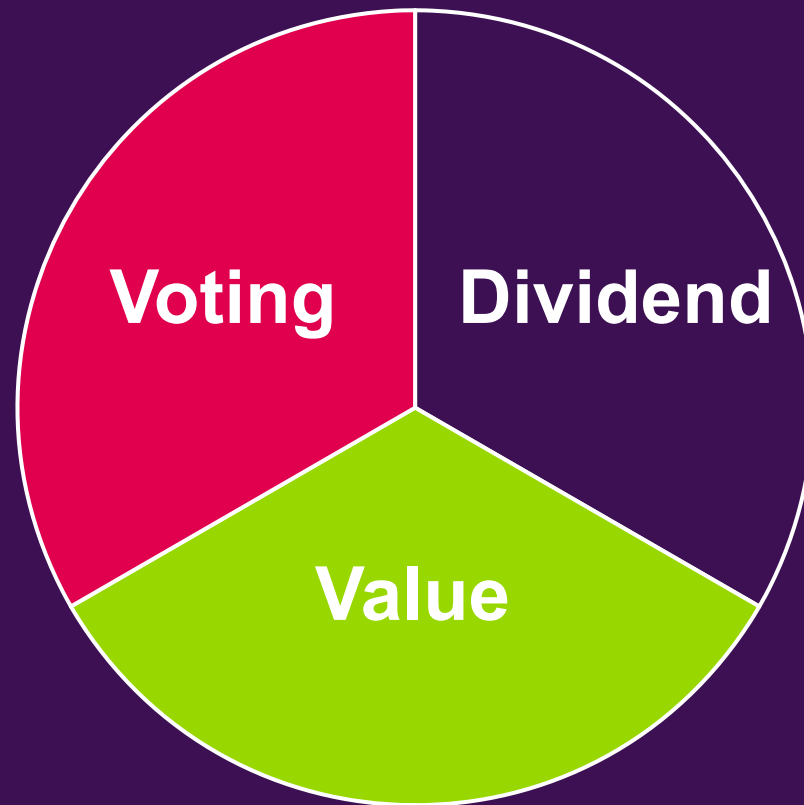


# Case 4 – Personal HoldCo (PHC)

- > Dividends to PHC
- > Sale by PHC
- > Transfer/Liquidation of PHC
- > Difficult to transition to?



# Share Rights



# Rights Attaching to Shares

- > **Valuation Issues**
- > **Dividend only right?**
- > **Right to only participate in growth after hurdle?**
- > **Capped Value on shares?**
- > **Separate voting rights?**
- > **Ring fence rights attaching to shares**
  - effectively partition business / sales proceeds between shareholders




# Thank you

 @RBK Chartered Accountants

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**We're by your side**

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