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“Tax will have influenced your employee ownership structure...”



Field Fisher Waterhouse

Shares, trusts and tax audit: Have you got the ownership structure you need?  
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# “Key features will be tax driven”

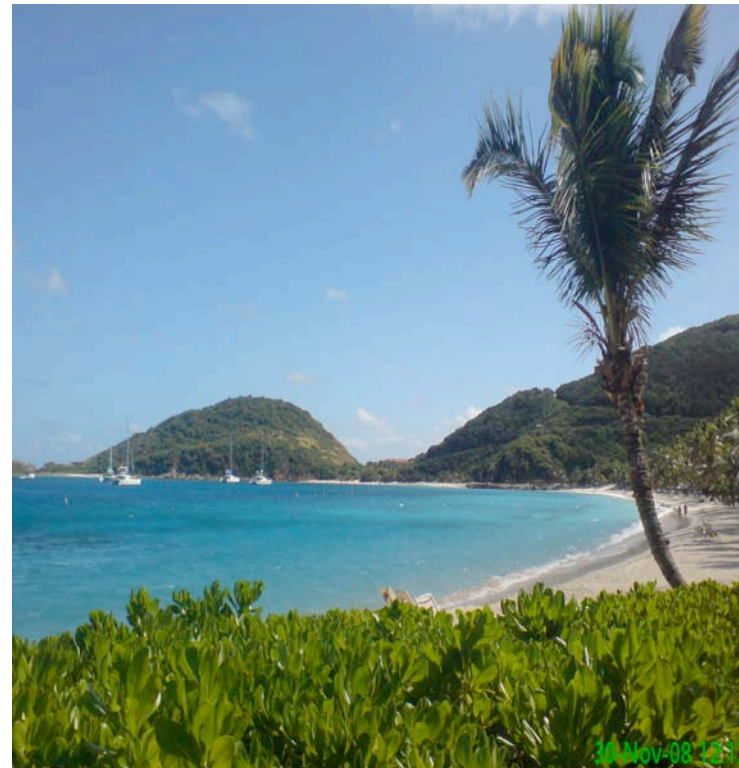
- **HMRC share valuations give certainty**
- **Our EBT got advance IHT approval**
- **We make tax free awards via a SIP**
- **Everyone uses their CGT annual exemption**



# “HMRC help where they can”

- **John Lewis Partnership BonusSave**
- **Baxi subsidiary SIPs**

*“EBTs for the purpose of achieving employee control structures in a bona fide trading operation” are distinct from “Contrived arrangements involving EBTs for the purpose of sheltering remuneration from income tax and national insurance contributions”*



## “but tax can hold up your plans ...”

- **There's no tax deduction for contributions to our EBT**
- **We cannot get tax clearance for the founder's share sale to our EBT**
- **We cannot agree a share valuation formula with HMRC**
- **Why do we need another trust?**
- **There's tax on a loan to our EBT**



## “...and tax can distort your structure”

- **Our trust cannot be our parent company**
- **Entrepreneur’s relief means a 5% shareholding each**
- **Financing share option exercises is a burden**
- **Everyone has to be offered SIP shares**
- **I had to sell 51% on day one**



“It is important...”



“... to keep a careful watch on tax and all the other building blocks that make up your employee ownership structure”