

SELL BEFORE APRIL?

Business
GROW-HOW

Business **ADVICE**

I am the sole owner of a litho printing business which is a limited company. Our accountants have told me about the proposed changes in Capital Gains Tax (CGT) from April of next year. I was thinking of putting the business on the market in 2008 but should I now act sooner to save tax?

You are wise to bring your thinking forward as selling a print business is difficult to achieve in a rush. The sale of a business has many implications – and tax is just one of them.

The tax will change for business owners resulting in an 80% increase which sounds alarming. However, the decision to sell should be taken “in the round”.

If the decision to sell is made, you should be aware that you are not guaranteed a sale by April. The average time to sell a business is 11 months across all sectors!

The implementation of taper relief to replace retirement relief has damaged the wealth of many business owners. Effectively the rate has now gone up from 10% to 18% **on the gain.**

It would be wise to have your business professionally valued. You should not use your auditor for this as it is unlawful for them to do so.

An advisor with inside industry experience should be selected.

Once you have done this you should take advice on tax and calculate the tax prior to April, and after April, based on the likely consideration achieved for the business.

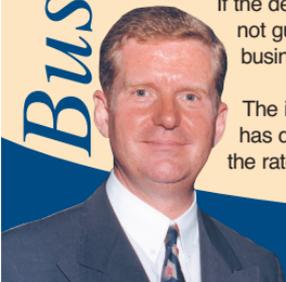
Then you should consider your position “in the round” and appoint a specialist advisor if you decide to sell. Ask them to give references for businesses in the printing industry that they have sold. Remember an advisor with an existing network of industry contacts is likely to have a better chance of achieving a sale by April.

A generalist advisor would need to ‘crank up’ the activity and time will evaporate quickly – particularly with Christmas looming.

Finally, ensure that professional fees are mainly contingent upon the actual sale being completed. A confident advisor will do this.

Good luck!

The author accepts no legal responsibility for the advice given. Comments and advice given in this column do not necessarily represent the views of Printing World.



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