

Tax issues for Founders and Majority Shareholders

Key personal tax considerations

for your growth journey



Summary

We have worked with a number of Founders and Majority Shareholders as they approach and/or experience a large realisation event of their business.

Common challenges for Founders/Majority Shareholders:

- Managing finances and raising capital
- Executing on the company's vision and business plan
- Hiring the right people and building the team's culture
- Growing a loyal and satisfied customer base
- Managing risks and preparing for sale
- Finding Work-Life Balance

This last point – finding Work-Life Balance – can be one of the biggest challenges of running a business; finding time and energy for your personal life.

As a Founder/Majority Shareholder how do you set yourself up for long term personal financial success? What action should you be taking now to ensure you are structured right and maximise your after-tax proceeds of a realisation event?

This is where PwC Private can help.

We focus on you, the Founder/Majority Shareholder and your personal position, to give you peace of mind so you can continue to focus on the business and do what you do best.



Personal considerations in relation to large realisation events

Tax Planning and Asset Protection

How are you and your business structured? Trusts can enhance asset protection and flexibility. Is your structure setup for long term opportunities and success?



Australian Taxation Office (ATO) relationship

Will the sale be reported publicly and will this attract ATO attention? You should proactively engage with the ATO early to help manage risk.



Wealth/Investment strategy advice

You're about to receive a large sum of money – what will you do next? Need help with your asset allocation, long term investment strategy and implementation post realisation event?



Family Advisory and Succession planning

How will your wealth be passed on, and to who. At what time will adult children get involved in managing, will wealth be an enabler or a burden to the next generation?



Philanthropy

Do you have philanthropic goals and what legacy do you want to create. Should you consider establishing a Private Ancillary Fund?



PwC Private – What we do?

"PwC Private" refers to an integrated, relationship based offering that assists individuals and businesses with:

- Structuring including Tax Planning and Asset Protection
- Financial statement and tax return preparation
- Reporting and Insights
- ATO relationship management
- Wealth/Investment strategy advice
- Cash Management
- Family Advisory and Succession Planning
- Philanthropy

Frequently Asked Questions



What should I do now to be future ready?

- We recommend you have someone independent review your structure and strategy to see if it is fit for purpose.



I already have an existing accountant so is there a role for PwC from a personal tax perspective ?

- Absolutely - PwC can be engaged to provide a 2nd opinion/review on more complex matters to provide an additional level of comfort that relevant opportunities have been identified and issues addressed.
- We regularly work with smaller accounting firms and can be engaged on the basis that the incumbent firm stays involved doing the day to day work.



What would a typical engagement look like ?

- Initial meeting with founder/key shareholders. This session can be held in person or via video conference.
- We send a scope and fee estimate – would typically be in stages, for example
 - **Stage 1** – Review of existing structure (is it fit for purpose? What changes should be made? Historic issues that need addressing?)
 - **Stage 2** – Review of tax implications of anticipated business sale – generally prepared in a format that is suitable for provision to ATO (in the likely event of an ATO review)
 - **Stage 3** – Wealth Strategies, Family Advisory and Succession including NextGen development



What is the benefit of engaging early with the PwC Private team ?

- Advice upfront as to correct structure and recommended method of sale (e.g. selling business v selling shares) can make a huge impact on the after tax proceeds.
- Existing advisors will often be very focused on the business so we can provide another perspective focusing on long term plans for you and your family.
- Access to our internal breadth of expertise in corporate finance, audit, due diligence, valuations etc.
- Access to both our local and global NextGen events.
- We can help create a sustainable future structure post realisation event to accommodate your goals and ambitions – philanthropy, reinvestment into other start-ups, diversification, day to day management of wealth, what work is outsourced, how is performance measured and reported, should you create your own 'Family Office'?
- Access to the broader range of traditional PwC services including tools and technologies for preparing the business for sale.



What do I do next?

Contact us to arrange an initial meeting.

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