

Tax support: from planning through to execution of your trade sale

When you are gearing up for a trade sale, it is vital to review the proposed commercial transaction from an early stage. Harold Sharp can provide you with an essential tax support service to do just that, and will advise you in the following important ways:

Shareholder focus

Tax on the sale itself

We will clarify for you the likely taxation implications to arise from your sale including ensuring that the Entrepreneurs' Relief (ER) rate of Capital Gains Tax will be achievable, where possible. ER is dangerously assumed by many, despite the risks and pitfalls hiding in the relevant tax law.

We will also provide you with advice and guidance in relation to the potential tax consequences of proposals for important matters such as deferred consideration, consideration in the form of loan notes (or other securities), and any "earn-out" arrangements.

Pre-sale planning

We will consider whether there might be any valuable pre-sale (and post-sale) tax planning manoeuvres which you might consider undertaking, with a view to reducing your overall tax on the proposed sale.

By way of one very simple example, we might advise those agreeing to stay on in the company's employment during a transitional handover period to downgrade their agreed salary arrangements in favour of higher deferred consideration and a potentially far superior tax outcome.

Protection from claims

We will provide you with advice and assistance on any risks inherent within the taxation parts of the Sale and Purchase Agreement ("SPA") and any other applicable deal documentation, including, in particular, considering the fairness and appropriateness of the draft Tax Warranties and Tax Covenant (the latter also sometimes known as the Tax Deed).



This will be done with a view to minimising the risk of post-sale claims against you, from the Buyer.

Estate management

Should you wish to explore your longer term estate management and Inheritance Tax (IHT) position (bearing in mind that immediately after your sale you will typically lose relief from IHT on the value involved), we will review what might usefully be done before the sale is executed to put elements of that value into IHT-sheltered places, while that Business Property relief still applies.

Company focus

House in order

Ahead of all of the above, we will review your company's tax compliance affairs to make sure that your house is in order and that the potential Buyer's due diligence can run as smoothly and positively as you would hope.

This early overview of the company's compliance might cover Corporation Tax, PAYE, National Insurance, VAT, R&D Tax Credits, P11D forms, EMI share options, as well as other additional aspects in specific circumstances.

Why Harold Sharp?

We are a firm of accountants supporting ambitious businesses in Manchester, the North West and beyond. It's our job to clear tax and finance off your plate, so you can focus on realising the big idea that inspired you to go into business in the first place.

Our team have many years' experience of dealing with the problems faced by your business. We provide all of the above-listed services as part of essential tax support in advance of a potential sale to make sure that you achieve the best possible tax outcomes from your deal.

Whether you are contemplating a sale in the short or longer term, we would welcome the opportunity to discuss the transaction in more detail to see how we might help to alleviate some of the tax burden.

Please contact Maxine Brown, Tax Partner.



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“Taxation planning and advice has been my ‘thing’ for over 30 years. It’s an absolute joy and privilege to work hard with businesses and owners to make a real difference in their retention of wealth.”

Maxine Brown,
Tax Partner

