

Private Shares Liberation Plan



“the strategic value of the company is enhanced and passive capital is exchanged for augmented future income”

Tailored to your
precise individual
requirements

Private Shares Liberation Plan - Value Brief

Corporate remuneration and incentives planning are key components of any successful modern business. It has become recognised that indirect incentive platforms maximise incentive effects.

However, incentive planning objectives can be met only if the funding of the incentive arrangement is correctly structured. Cash funding reduces profits, which may prejudice the structural value of the company. New share issues dilute existing equity holdings without appropriate accounting or fiscal recognition.

To combat these value problems, we have developed a unique Shares Remuneration Trust, which solves the structural planning dilemmas of indirect incentive arrangements without incurring fiscal penalties, providing a value solution.

The Power of the Shares Remuneration Trust

The Shares Remuneration Trust is a Commercial Trust. The criteria for membership of the class of beneficiaries are very flexible and shaped to match the content of the incentives arrangement.

The contributing shareholders will be excluded from all benefits. The Trust has independent Trustees, selected by the Company. Existing shareholders contribute shares to the trust, without fiscal penalty and those shares thereby change from carrying merely a passive ownership value to carrying a dynamic incentives value.

The financial and fiscal treatment of Trust transactions follows this essential change from direct to indirect incentive provision. And importantly, the Shares Remuneration Trust can be tailored to your precise individual requirements by expert solicitors.



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Benefits for all concerned

For the Contributing Shareholders, benefits are that the strategic value of the company is enhanced and passive capital is exchanged for augmented future income.

The employer divests itself of direct incentive negotiations, for which it acquires a funded incentive Trust for which it obtains Executive appreciation.

Members obtain discretionary benefits not subject to Employer control and have the security that benefits funds are held in irrevocable Trust.

And the Revenue has open access to Trust documents, receives PAYE on taxable benefits and can match tax liabilities with actual receipts.

Fully compliant, properly reported, totally effective

Like all our Solutions, The Private Shares Liberation Plan has been created to be fully compliant and permissible under trusts and tax law.

Shareholder funding of the Trust is disclosed in employer accounts, Trust funding is transparent to Executives, the Revenue and trustees are subject to strict statutory regulation and taxable benefits are accounted for under PAYE.

If you feel this proven Solution may suit your requirements, please either forward these details to your own Professional Adviser or email us at info@mardons.co.uk for an initial discussion and to arrange an exploratory meeting which can include your Professional Adviser.



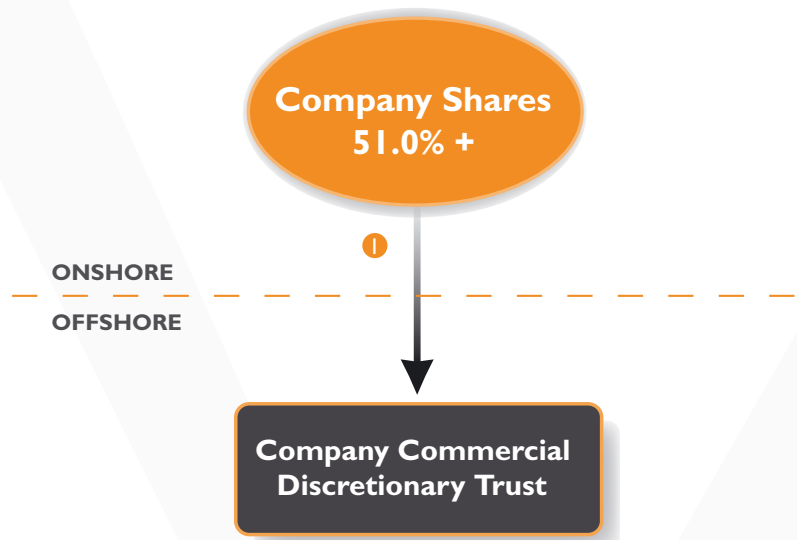
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1 51% or more of company shares are assigned to a Shares Remuneration Trust. Mardon Financial Advisers Ltd fees become payable.



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Private Shares Liberation Plan Case Study

SITUATION

Two fellow directors sold their private company shares worth £40 million to a quoted company entirely free of capital gains tax.

AIM

Firstly, to retain and incentivise key members of staff who are integral part of the future profitability of the company for the new owners. Secondly, to compliantly mitigate future capital gains and inheritance taxes.

SOLUTION

The majority of shares were transferred into a unique offshore tax structure (combination of commercial purpose trust and corporate entity).

BENEFITS

- 1 This was done entirely free of capital gains and inheritance taxes under special statutory reliefs
- 2 Any subsequent sale of shares by the trust in the future will be free of inheritance, capital gains and income taxes

Mardon Financial Advisers Ltd accepts no responsibility for any loss, damage, cost or taxation suffered by any person in relation to or reliance upon the matters set out in this document. Any person wishing to implement any Value solution should seek advice from an appropriate independent professional adviser.



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PRIVACY POLICY

Mardon Financial Advisers Ltd is committed to protecting your privacy and security. Please be assured that any information you provide to Mardon Financial Advisers Ltd, either direct or through your independent professional advisor, will only be used by Mardon Financial Advisers Ltd to first assess how best to assist you and then to tailor a Solution to your individual requirements.

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