

Driving commercial conversations:

# Employee Ownership Trusts (EOTs)



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Employee Ownership Trusts (EOTs) are a Government initiative to promote employee ownership, giving businesses owners the option to sell their shares to an employee owned trust without incurring capital gains tax.

This campaign aims to encourage client conversations around EOTs as both an option for succession planning and a tool for growing businesses to incentivise their employees.

## Campaign audience

The campaign is intended for business owners. The two key scenarios in which this campaign might be relevant:

- Succession/exit planning
  - Those looking to leave a legacy in their business
- Established businesses looking to incentivise, retain and attract employees

## Why?

**Owner** – The business owner can sell their shares to an EOT free from capital gains tax and inheritance tax. They can provide a streamlined exit route where there is no clear third party buyer.

**Employees** – The EOT can pay bonuses of up to £3,600 per year (without incurring income tax). EOT's have been proven to improve employee engagement, innovation, and retention.

**Company** – The value of bonuses is deductible from the company's corporation tax liability.

## How should I use this campaign?

- **Client conversations** – Talk to clients about their succession plans, how do their long-term ambitions for the business translate. As a relatively new form of ownership structure, many SMEs are unaware of the opportunity.
- **Meeting new prospects** – Use our EOT offering and expertise to demonstrate our proactive tax planning advice and breadth of services.
- **Social media** – Share the campaign assets on social, and like/reshare posts.
- **Familiarise yourself** with the 'buying signals' and key issues that surround EOTs.

## How we can support clients



- **Consultation and strategy** – Advising clients on the best option for their business, and helping them to understand all of the options available to them.



- **Valuations** – Carrying out an objective valuation of the company to give the owners and the trustees confidence in achieving a fair value.



- **Designing the EOT and planning** – Working with the company and the business owners to design and implement the EOT structure in line with relevant legislative requirements.



- **Legal signposting** – Working collaboratively with legal advisors and signposting clients where necessary.

## Talking points with clients

- What are your long-term business goals – is there a clear succession plan in place?
- Are your employees aligned to the performance of the business?
- Tax efficient exit planning in light of reduction of Business Asset Disposal Relief (BADR)
- Alternative route to MBOs
- No need to leave the business post-transaction

## Campaign assets

Click the buttons below to access the various campaign assets:

[Case study – JDDK](#)

[Thought leadership blog](#)

[Presentation deck](#)

[Media coverage](#)