

# SUCCESSION PLANNING

Passing on your assets

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## Planning to pass on business assets to the next generation of owners can often be a difficult and complex task.

This is the case whether assets are being passed down within the family group or to non-family investors/managers. These are some key issues to consider when developing a succession plan.

### Value of the business and associated assets

You need a clear idea of what assets such as farmland, industrial land and buildings are valued at before you can proceed any further. Your Accountant should be able to give you an idea on what your business is worth. Some transfers of assets do attract close attention from the ATO so it's best to get a qualified valuer involved to assess the value.

### Value of other estate assets

When assets are being passed down within family groups the next generation simply can't afford to pay market value at times. These situations can be quite delicate if there are other siblings in the group who are not taking up any ownership in the business. Fair outcomes must be obtained for all members of the family.

### Yield of asset (earnings)

Thought must be given to the actual profits that the business is making and how many owners it can support. Many business owners suffer with cash flow issues because there are simply too many owners to share the profit.

### Stamp duty and capital gains tax

There will always be issues with transfer costs such as Stamp Duty and Capital Gains Tax. A good Accountant and Solicitor with careful planning can structure transfers to minimise these costs. You should know up front what these costs are likely to be as they can be a nasty surprise.

### Debt for incoming owner

This can be a tricky area for incoming owners especially relating to businesses with "high value and low profits or yields". It's very difficult to buy into these businesses at market value as the trading profit on the business may not be substantial enough to service the buy in debt. This is particularly relevant for primary production businesses like cane farming and cattle grazing.

Whitson Dawson can work with you to develop an appropriate and effective succession plan, giving you a peace of mind that the best possible outcome will be achieved. If you are interested in finding out more, look out for our upcoming Succession Planning Seminar or call our office.

For more information on how you can better manage your finances, contact **Whitson Dawson Accountants on (07) 4957 2985 or by email [business@whitsondawson.com.au](mailto:business@whitsondawson.com.au)**



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Whitson Dawson has been helping clients achieve their financial and business goals for over 130 years. Specialising in taxation, accountancy, buying and selling property, audit and assurance, SMSF, estate planning, capital gains and tax structures and tax planning.

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