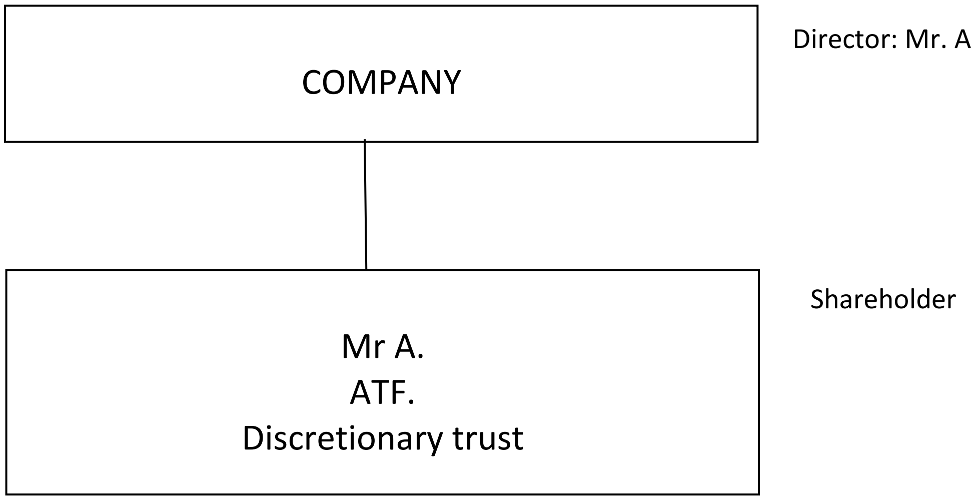
RESTRUCTURING- PART 3: THE BASIC BUILDING BLOCKS

14 June 2021

Diagram 1



1. Company has only 1 director who could be liable for actions e.g. PAYG, SGC, insolvent trading.
2. Company owned by discretionary trust. All assets owned by company are therefore not assets of Mr A.
3. Has been a good set-up for a corporate beneficiary of a discretionary trust in the past. Will continue to be good if assets are to be held in a company.
4. Note: if business is conducted in the company and if Div. 152 relief on the sale of the shares or superannuation payment on the sale of a small business is contemplated in the future, 20% or more of the gain would need to flow though the trust to Mr A. Mrs A could get 80%.
5. General CGT 50% exemption not applicable to a sale of business by the company, but would apply to a sale of the shares by the shareholding trust as long as an individual presently entitled to the gain.
6. Refund of imputation credits on gain provides a certain level of income splitting ability.