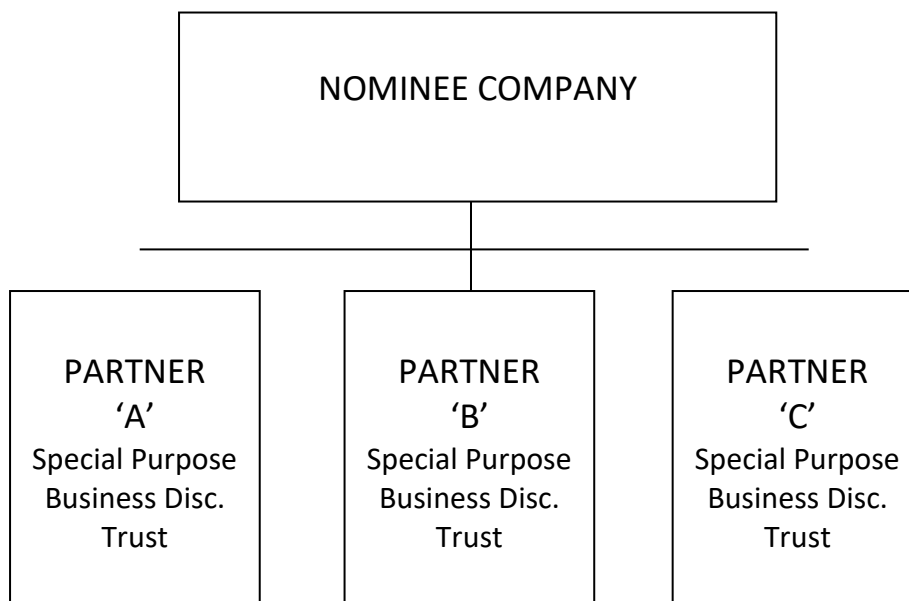


RESTRUCTURING- PART 4: THE THREE TRUST STRUCTURE ALTERNATIVES

21 June 2021

Partnership of Trusts:



1. No corporate protection from nominee for partnership of trusts. Liability of partners requires special purpose business discretionary trusts. Recently have been in favour since do not have a problem with CGT event E4.
2. There is a disposal of interest for CGT purposes if another party is admitted.
3. Achieve a greater spread for Div 152 (small business CGT relief) ITAA 97 as each partner has a \$6,000,000 net asset test.
4. Each special purpose business discretionary trust can be part of the relevant partner's family group for the loss trust provisions. The appropriate Family Trust elections/ entity elections can be made.
5. CGT 50% exemption applicable to a sale of business by discretionary trusts if gain passed through to individual beneficiaries.
6. No Income Injection Test either if "family trust" election made. Note each partner can decide the fate of his trust separately.
7. The retirement concession under the small business concessions applies to each partner.
8. Highly recommend structure for SME business.

In relation Restructuring, we have developed significant expertise and welcome your enquires. Please do not hesitate to contact Tony Pointon or Aaron Zoanetti to discuss.