

The Business Enterprise Trust™

A flexible Trust with discretionary capabilities for business owners, as well as property investors with positively geared properties.

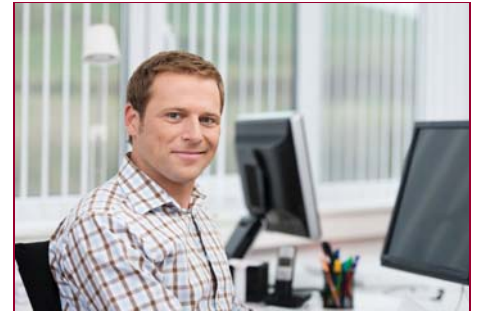
What is a Business Enterprise Trust™ ?

It is critical for any business to operate in the optimum structure taking into account, the needs for: asset protection, estate planning, complexity, flexibility and stakeholders.

The **Chan & Naylor Business Enterprise Trust™ (BET™)** is a business specific Trust with discretionary capabilities. It is a flexible business structure with advanced asset protection and estate planning features.

The BET™ provides an efficient and effective operational and functional support for people operating a business either in a single family or with third party partners (requires additional documentation).

The BET™ is an ideal structure for family owned generational businesses.



How is the BET™ different to other Discretionary or Family Trusts?

- The BET™ is a **business specific Trust** with discretionary capabilities.
- **No vesting date**
Unlike most other Trusts, the Business Enterprise Trust™ *does not* have an 'Expiry Date' of up to 80 years where the Trust by law needs to be wound up which may trigger Taxes such as Capital Gains Tax and Stamp Duty. The BET™ can last in perpetuity with no nasty tax bill surprises in future for family members still running the business.
- **Lineage clause.**
This option stipulates that only blood line relatives will be legally entitled to be beneficiaries of assets contained in the BET™ in the event of a law suit or a bitter family feud with in-laws. Combined with the 'no vesting date', the lineage clause allows for advanced asset protection, succession planning and estate planning.
- **Additional Asset Protection**
The Trust does not specifically identify asset protection benefits which a Receiver on Bankruptcy may be able to use as an argument that the Trust was created to defeat creditors and as such loses asset protection capacity; asset protection arises from the Trust itself, not by specific wording.

Features & Benefits

- Flexible distributions to nominated beneficiaries.
- On sale of the business, the beneficiaries would be entitled to 50% CGT General Discount and Small Business Concessions after meeting normal taxation rules.
- Can be used to buy positively geared properties.
- Allows for the entry of a new business partner. They would set up their own BET™ and then the two would operate under a Partnership of Trust Agreement (which Chan & Naylor can arrange). Benefits include:
 - Passing down of any trading losses.
 - Access to Family Trust Election provisions.
 - Flexible allocation of business partners rights and distributions.
 - Ability to pay partners distributions (when a Partnership Of Trusts is in operation) to another trust with losses via a Family Trust Election
 - Chan & Naylor provides full documentation including the Business Enterprise Trust™, completion of the various Registrations, full compliance reporting including accounting and taxation.

Please call 1300 250 122 or
visit www.chan-naylor.com.au for more information

The Business Enterprise Trust™ means...

Flexibility & Control

Clients who are looking for complete discretion to purchase a property (i.e. no negative gearing) or to run a business should consider using the BET™ and can be used in the following scenarios:

- Individuals or partners running a business.
- Business operators wanting improved Asset Protection and Estate Planning.
- Business operators with multiple Clients and Staff.
- Business operators working solely within one family group.
- Business operators who may or may not have or are considering business partners.



Tax Effective Distributions

Distributions can be made to other parties, including: individuals, companies or trusts, which can allow a distribution to a "loss entity" to yield a pre-tax benefit from the distribution, if in line with normal tax rules. The Trust itself is not taxed but distributions are taxed in the hands of the recipient at their marginal tax rate.

Functional Support for Business Operators

The BET™ provides the optimal structure environment not only for the day to day operations of a business but also functional support that enables flexible discretionary income distributions, tax planning.

The BET™ would have a corporate trustee and would distribute Trust income at the end of each period to nominated beneficiaries who would be taxed at their individual marginal tax rates.



Operational Support for Business Operators

The BET™ can facilitate all the the day to day operations of a business. The BET™ would be used to pay expenses, purchase goods, and services, employ staff and lease any premises and/or plants and equipment and operate the bank account etc.

As the BET™ is registered for Tax (TFN) and GST (ABN) it's easy for your accountant to prepare compliance in relation to Tax Returns, Business Activity Statements and Employee Payments.

Making Future Planning Easier

Business operators, in particular Family owned and operated would benefit from the unique Lineage Clause and No Vesting Date built into the Chan & Naylor BET™. These features would prevent the Trust from Vesting or 'expiring' after 80 years which in traditional Trusts would mean cessation of the Trust Deed and the forced sale of assets, triggering taxes such as CGT and or Stamp Duty.

This helps make succession planning, tax planning and estate planning easier by giving you peace of mind regarding these often forgotten but critical long term issues.

**For more information about the BET™ visit our website or
Call 1300 250 122 to request a phone consult with a Chan & Naylor Wealth Planner.**