

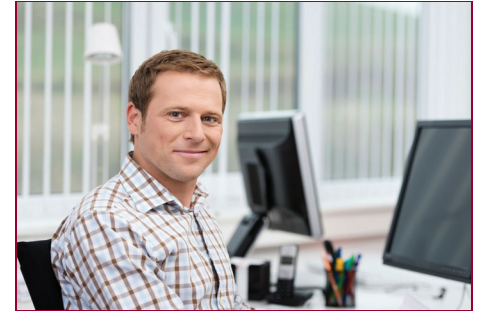
## The Business Enterprise Unit Trust™

*A Business Specific Trust designed for complete control of beneficial ownership rights and limited liability in multi-partner enterprises*

### What is a Business Enterprise Unit 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 Unit Trust™ (BEUT™)** is a business specific Unit Trust where the assets are held and administered by the Trustee of the Trust for the holders of units in the unit Trust. This means that the BEUT pre-determines the Unit Holders entitlements, which may be for income, capital or both. The BEUT™ is very useful, especially for investors because different types of units can be issued. In simple terms (not legal) it is like having shares in a company where units can be bought and sold in a similar way to trading shares.



### How is the BEUT™ different to other Unit Trusts?

- **No vesting date**  
Unlike most other Trusts, the Business Enterprise Unit 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 BEUT™ 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 BEUT™ 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. Combined with the use of a Corporate Trustee, there will be even greater asset protection and limited liability.
- **Stamp Duty minimisation** on changes to control of the BEUT™
- **Capital Gains Tax General Discount Provision**
- **Depending on beneficiary, small business concession discounts and benefits available**

### Features & Benefits

- The BEUT™ is a **business specific Trust** with ability to issue Units. Beneficial ownership is determined by the amount and type of units held by a person / entity.
- A Unit is a portion of the Trust which gives the holder the right to income and capital.
- Profits including capital and income are distributed via the units to the individual or another entity holding the units.
- Units can then be sold (will trigger CGT and maybe Stamp Duty) to other people or entities, entitling them to the profits or capital of the trust.
- The BEUT™ can be used for unrelated parties to run a business together.
- Allows for the entry of new business partners. They would set up their own BEUT™ and then the two would operate under a Partnership of Trust Agreement (which Chan & Naylor can arrange) or invest in the BEUT™ itself. Benefits of the Partnership Model 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 Unit 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](http://www.chan-naylor.com.au) for more information**

## The Business Enterprise Unit Trust™ means...

### Flexibility & Control

The Business Enterprise Unit Trust™ (BEUT™) are for those who want to:

- Run a business or buy property with others and require specific allocations or 'fixed entitlements' between people or entities.
- Run their business with multiple unrelated parties or entities with specific ownership rights.
- Have the ability to sell as little or as many Units and different Unit classes to new unit holders (i.e. new business partners). Note any CGT or Stamp Duty implications.
- Determine which types of units are sold/issued, thereby controlling the beneficial ownership of each Unit Holder: Income Units (entitles holder to net income only), Capital Units (entitles holder to net capital only) or Ordinary Units (entitles holder to both net income and net capital). Note: Specific allocations required if interest on borrowings are to be deductible.



### Improved Asset Protection & Limited Liability

For improved asset protection, the BEUT™ will have a special purpose company as Corporate Trustee, as it limits the liability of the Trustee only to the extent of the assets held by the company (which should be only \$2). If the BEUT™ is correctly utilised, assets are effectively isolated from the liabilities of the Unit Holders (individuals) and the Trustee. This is enhanced if Unit Holders are not individuals or entities with assets.



### Tax Effective Functional Support for Business Operators

The BEUT™ permits the association of a number of unrelated entities in a venture with all income taxed at the Unit Holder level. This should be contrasted with companies that are taxed at the entity level, and then franked distributions made to the underlying owners (the Shareholders). The BEUT™ would have a Corporate Trustee and would distribute Trust income at the end of each period to according to fixed entitlements of each Unit Holder, taxed at the Unit Holders marginal tax rate. As the BEUT™ 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.

### Operational Support for Business Operators

The BEUT™ can facilitate all the the day to day operations of a business. The BEUT™ 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.

### 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 BEUT™. These features would prevent the Trust from Vesting or 'expiring' after 80 years which in traditional Unit 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 BEUT™ visit our website or  
Call 1300 250 122 to request a phone consult with a Chan & Naylor Consultant.**