

TAXATION: EFFECTIVELY STRUCTURING YOUR COMPANY FOR TRANSITION

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M&A Advisor's Perspective

- Owner needs a solid tax advisor, to permit our best efforts
- Communicate regularly with advisor to understand business 'readiness'
- Review likely deal structures and relative impact – assets/shares (holdcos?)
 - To what extent will tax be reduced, or simply deferred?
- How would a foreign acquirer impact the tax effects?
- At term sheet/LOI stage, ensure tax advisor is fully aware of offers' details, so we and our client can understand the tax consequences of each offer
- Consider tax impacts of a reorg (freeze?) and recapitalization instead

Tax Planning for Business Transitions

Transitioning to Next Generation:

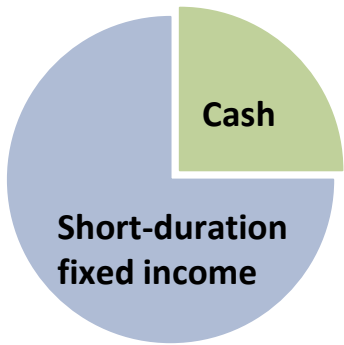
- Goals of business owners and next generation are key
- Tax structuring for transition to next generation:
 - Estate freeze (value of freeze shares/class of shares), creation of family trust(s) (settlor, trustees and beneficiaries), remuneration of business owners and next generation (salaries vs. dividends), income splitting, etc.
 - Buy-out family members, safe income strip, financing, etc.

Sale to Third Party:

- Goals of business owners are key
- Share vs. asset sale or combination of both
- Sale of all or portion of business with or without continuing involvement and/or investment by business owners
- Tax structuring for planning for sale including corporate reorganizations, purification for LCGE for QSBC shares, minimum tax planning, etc.

Liquidity Portfolio

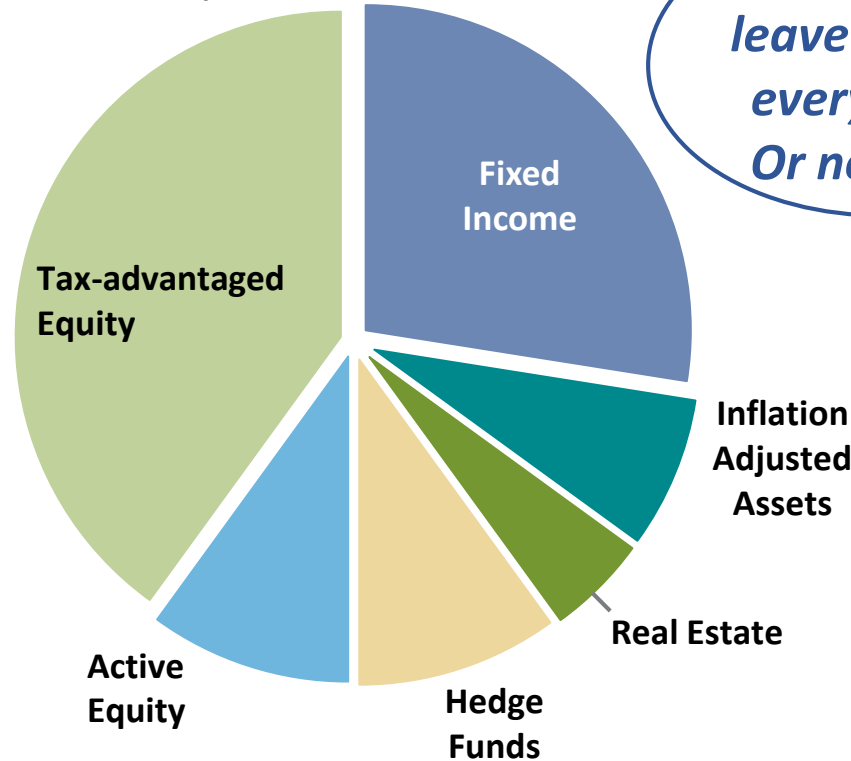
1-5 years



How much risk do I need to take?

Longevity Portfolio

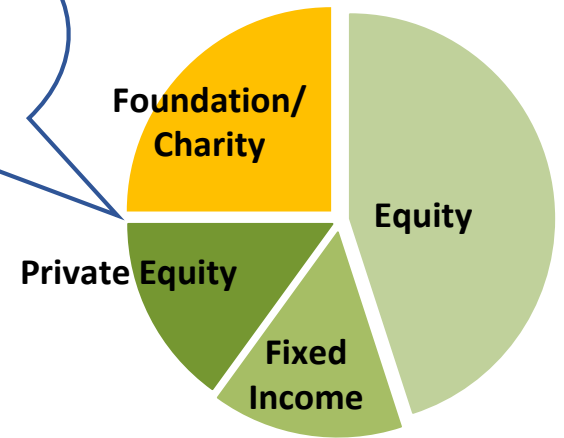
5 years – to life



Is it better to leave the kids everything? Or nothing?

Legacy Portfolio

Life Expectancy +



Can I truly make a difference?

"When I turned off the lights, it fully hit me"