

## Welcome to the Director's Corner

*I am Con Daly, Managing Director of Moneytree Finance Limited, based in Rosscarbery in the heart of West Cork. Over the next 10 months, I will be offering specialist advice to company directors, under the title 'Director's Corner'.*

*I am confident that this will be of huge benefit to business leaders, both professionally and financially.*



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decisions a business owner could make and one that should not be undertaken lightly or without proper planning.

If your business might be worth more than the €10 million either now or will be at some stage in the future you need immediate advice to prevent your family from a major tax bill down the road.

In order to consider the most appropriate course of action, now is the time to act, especially in light of the impending tax changes.

The issue is too big to leave it to chance, you need financial planners on board to help. **We here at Moneytree Finance are the Only CFP® (Certified Financial Planner) led team of financial advisors in West Cork and we can help.**

We work with lots of directors and business owners from all types of businesses, from the corner shop, to construction companies, to factories, to one person service companies.

Several conditions apply for Capital Gains Tax relief for retiring business owners but they are easy enough conditions for a regular trading company. We can help you to understand what the requirements are and how to be ready to avail of this most important tax relief for directors, business owners and professionals.

**Give us a call and see if we can be of service.**

## Director's Corner

### Capital Gains Tax Relief for retiring business owners

This is the second in a series of 12 articles for business owners and wealthy individuals.

The family-owned business is the backbone of the Irish economy, and in many parts of the country such businesses are the primary source of employment and economic activity.

The main issue we find is that directors are so busy running the business that they forget to set aside funds for themselves over the years and when they get to the point at which they are closing, selling or liquidating the company, they find that they didn't prepare enough and can't avail of taking any real value from the company they spent their life building.

This is particularly true of service companies where the only real asset is the person and the skills they bring. Once they retire, the business has no function and very little value, so if they haven't put funds away, they will be left

with nothing.

**You are allowed to take €750,000 as a business owner or €1,500,000 as a couple running a business.**

However, the sad truth is that most business owners would take less the €200,000 from their business when they move aside or dispose of it. We find that directors/business owners who are aware of the reliefs they can avail of, tend to take multiples more from their business, compared to directors who are not aware and therefore do not benefit from these reliefs.

In the absence of any relief, Capital Gains Tax (CGT) at a rate of 33% would be imposed on business owners who wish to sell their business or transfer it to their children. Retirement relief is a very valuable relief that would allow many business owners to reduce or indeed eliminate any charge to CGT and is the most commonly used by directors. It can be used by any business owner looking to, at some time in the future,

retire from their business, gift their business to their children, sell the business or indeed liquidate the business, whilst at the same time extracting funds from the business.

**From 1 January 2025, the following changes will apply:**

- A limit of €10 million will apply to the value of business assets that family business owners aged between 55 and 69 could pass free of CGT to their children.
- The €3 million cap referred to above will now apply from age 70 onwards (instead of 66).

While increasing the starting age for the €3 million cap to 70 is a welcome change, introducing a limitation on the value of business assets that those aged 55 – 69 can transfer to their children could result in family businesses needing to be sold off either in whole or in part in order to fund tax bills.

**Now is the time to act.**

While 1 January 2025 might seem like a long time away, planning to transfer a business to the next generation is one of the most significant