

### **The future of Employee Ownership and Management Buyouts**

Is a quiet revolution gathering pace? The Employee Ownership Association (EOA) at its recent annual 2018 conference in Birmingham estimated that there were currently about 200,000 employees in the UK working for companies with a John Lewis style ownership structure. That is a structure where the majority of the shares are owned by a trust – an Employee Ownership Trust (EOT) which holds those shares for the long term benefit of employees as a whole. The EOA believes that could grow to 3 million by 2030.

That would be a quiet revolution in Britain's business ownership structure and business culture and it has been significantly facilitated by far sighted legislative changes in Finance Act 2014 which abolished the dry tax charge on entrepreneurs who sell their business to an EOT.

We are finding that a sale to an EOT appeals to many retiring entrepreneurs who are concerned to preserve the independence and values of the business they created and are willing to be patient in securing value for their retirement from the business they created.

The removal of the dry tax charge on the sale of the EOT, which is actually tax free (apart from stamp duty), also means that a sale to an EOT can make good financial sense and offers a new way of achieving employee and management buyouts. We would expect many more entrepreneurs and partnerships to follow this business model and convert into EOTs in the years ahead as its advantages become better understood.

As specialist employee ownership and share schemes advisers, with a uniquely integrated legal, accounting, tax and valuation practice we offer a practical, experienced and integrated approach to help companies convert to EOT ownership.

For more information about how to convert your company to EOT ownership, contact [William Franklin](mailto:william.franklin@pettfranklin.com) at [william.franklin@pettfranklin.com](mailto:william.franklin@pettfranklin.com) or call 0121 348 7878.

To find out more about EOTs, you may also be interested in William Franklin's article published in Tax Adviser on 1 April 2016, available [here](#), and our webinar on EOTs, available [here](#).