

# Maximise Your Business Potential With a Holding Company



## Have You Considered the Benefits?

A holding company is a powerful financial and operational strategy that allows business owners to **protect assets, optimise tax efficiency, and streamline management**. If you haven't explored this structure yet, you might be missing out on significant advantages that could improve your long-term financial success.

### Key Benefits of a Holding Company:

- ✓ **Asset Protection** - Shield valuable assets such as property, intellectual property, and investments from business risks, creditors, and legal claims.
- ✓ **Tax Efficiency** - Holding companies allow for tax-efficient profit distribution and offer access to the **Substantial Shareholding Exemption (SSE)**, which will exempt any chargeable gains suffered on the sale of shares in a trading subsidiary from corporation tax if all conditions for the exemption are satisfied.
- ✓ **Improved Cash Flow** - Utilise inter-company loans and tax-efficient dividend structures to **optimise liquidity and reinvestment** across your business operations.
- ✓ **Succession & Exit Planning** - A holding company makes it easier to transfer business ownership, sell subsidiaries, or pass wealth onto future generations with minimal tax implications.
- ✓ **Investment Growth Opportunities** - Reinforce financial stability by consolidating profits and **expanding into new ventures** without triggering unnecessary tax liabilities.
- ✓ **Unlock Tax Relief** - Group loss relief will be available to reduce group corporation tax liabilities, along with the ability to transfer assets to group companies on a tax-neutral basis.
- ✓ **Operational Flexibility & Simplification** - Centralise management of multiple businesses under one umbrella, reducing administrative burdens and compliance complexities.

## What is the Substantial Shareholding Exemption (SSE)?

The **SSE** is a tax relief that enables companies to **sell shares in a trading subsidiary without paying capital gains tax**, provided certain conditions are met. This exemption can be extremely valuable for business owners who want to **exit investments, restructure their companies, or free up capital** for new opportunities without incurring heavy tax costs. This may prove especially beneficial with the changes the Government has recently made to Business Asset Disposal Relief (BADR), (the previously named Entrepreneurs Relief), where by the BADR rate will be increased to 18% in line with the lower main rate of CGT, by 6 April 2026.

### How Do You Qualify for SSE?

- ✓ The company must have owned at least **10% of the subsidiary** for at least **12 consecutive months** within the last **6 years** before disposal.
- ✓ The subsidiary must be a **trading company or the holding company of a trading group** at the time of disposal.
- ✓ The holding company must be subject to UK Corporation Tax.

### Is a Holding Company Right for You?

If you own multiple businesses, valuable assets or are considering exiting a business, a holding company structure might offer potential benefits, such as risk management, tax efficiency and financial stability. Inserting a holding company will usually retain your eligibility to tax reliefs such as BADR, Business Property Relief and Holdover Relief on gifts of shares. However, it's important to note that each situation is unique and commercial considerations should also be taken into account when determining the most suitable approach.

**If you want to talk about this further please get in touch, our tax team would be happy to help.**



**Jennie Brown**  
Tax Partner ATT, CTA  
Email: [jennie.brown@streets.uk](mailto:jennie.brown@streets.uk)



**Sam Addy**  
Tax Assistant Manager BA(hons), ATT  
Email: [sam.addy@streets.uk](mailto:sam.addy@streets.uk)

