



Planning succession

Time to plan for times to come

**“40% of family businesses will be passing on the business to the next generation in the next five years”-
PwC’s Global Family Business Survey 2018**

Wealth and businesses take generations for families to accumulate, making it imperative for them to take concrete steps to protect their wealth in the changing times, with evolving laws and in the interest of their next generations.

The need of the hour

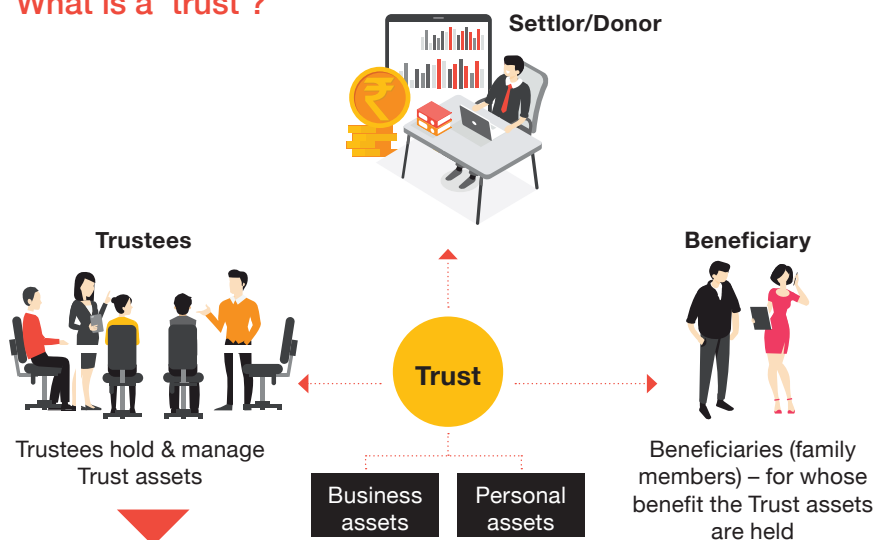
- Timely succession of business to the next generation
- Distribution of income and wealth and understanding the tax implications thereon
- Securing the business objective and the family's interest

Family-run businesses are the norm in India, and with most of them being on the path to globalisation, succession planning has never been as important as today.

Possible solutions for formulating an effective succession plan:

1. Family trusts

What is a ‘trust’?

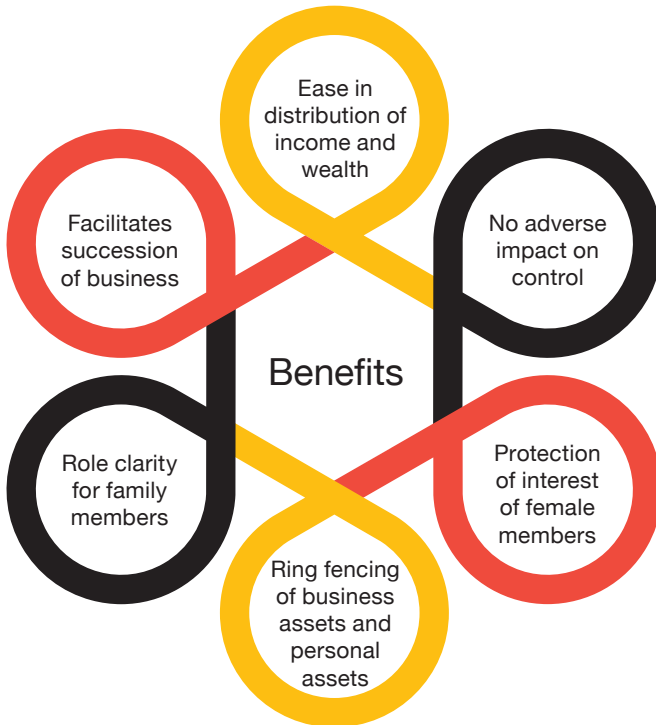


Role of trustees:

- Management of trust assets
- Protecting the interest of beneficiaries

Trusts, can help facilitate various benefits for the family and also be customised basis a family's sensibilities.

Benefits of a trust



2. Family constitution

A family constitution is the outcome of a process in which family members from the outgoing generation and incoming generation come together to set rules which define:

- Business relationships
- Roles, responsibilities and authority
- Boundaries between the family and business

A typical family constitution will, inter alia, deal with the following:

Codify the vision, mission and family values

Separation of ownership and management

Conflict resolution mechanism

Matters like dividend policy, exit and non-compete

Allocation of funds for contingencies, philanthropic activities and special events

“81% of the next generation successors have clear ideas on taking the business forward”-

PwC India Next Gen Study 2018

Laws to be considered while dealing with succession planning:



How PwC adds value

PwC in India and globally is committed to helping family businesses grow and fulfil the purpose of their existence, which is to create value for the ecosystem.

Over decades, we have been helping businesses by:

- Advising them on putting in place customised succession-related solutions
- Facilitating discussions between family stakeholders and resolving issues
- Streamlining ownership of assets and shareholding based on their stated objectives
- Implementing end-to-end solutions from the tax, regulatory and governance standpoint
- Supporting documentation to effect succession seamlessly

More about our reach

At PwC, we extend our support during the entire lifecycle of a business and across all its phases. We are one of the largest dedicated M&A Tax teams in India with specialists who work on succession planning and group restructuring.

We advise some of the largest Indian corporate houses on succession planning/restructuring and help them implement the requisite processes effectively.

For assistance about our services, please contact:

Mumbai

Hiten Kotak
National Leader, M&A Tax
hiten.kotak@pwc.com

Alok Saraf
Partner
alok.saraf@pwc.com

Falguni Shah
Partner
falguni.shah@pwc.com

Hemal Uchat
Partner
hemal.uchat@pwc.com

Nilesh Mody
Partner
nilesh.mody@pwc.com

Yogesh Dharnidharka
Partner
yogesh.dharnidharka@pwc.com

Parag Doshi
Executive Director
parag.doshi@pwc.com

Mayur Desai
Executive Director
mayur.l.desai@pwc.com

Hyderabad

Amit Jain
Partner
amit.j.jain@pwc.com

New Delhi

Ashutosh Chaturvedi
Partner
ashutosh.chaturvedi@pwc.com

Amit Bahl
Partner
amit.bahl@pwc.com

Annu Gupta
Partner
annu.gupta@pwc.com

Praveen Bhambani
Partner
praveen.bhambani@pwc.com

Perna Mehndiratta
Partner
perna.mehndiratta@pwc.com

Amit Agarwal
Executive Director
amit1.r.agarwal@pwc.com

Bengaluru

Aditya Narwekar
Partner
aditya.narwekar@pwc.com

Amithraj AN
Partner
amithraj.an@pwc.com

Chengappa Ponnappa
Partner
chengappa.ponnappa@pwc.com

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In India, PwC has offices in these cities: Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit www.pwc.in

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