# Ownership Option Questions.

1. Tama is considering setting up the new business to run the new equine operation. He is married and has a past employee who could possibly invest in part ownership of a new business. Discuss how each option might work and the implications, advantages and disadvantage of setting up the new business.
   * 1. A sole trader
     2. A partnership
     3. A private company

Make sure that you consider the following in your answer:

* Taxation
* Asses transfer (e.g. to family or a business partner)
* Control
* Capital requirements
* Tama’s exposure to risk (and also his family)
* Possible future acquisitions (e.g. buying more land).

1. Alan and Liz now own their own farm, milking 500 cows. They have 3 children, 2 of which are over the age of 16. Their taxable income for the last farming year was $180,000. Under the different business structures, how much tax is liable?
   * 1. A sole trader
     2. A partnership
     3. A Trust
     4. A private company
2. Jack and Jill Peabody are currently running their cray fishing business as a partnership. They are considering setting up a company or a trust to help in the passing on to one of their three children in the future. They have asked you for advice on a number of issues.
   1. Discuss features of a private company under the following headings in relation to the objectives stated above:
      1. Taxation efficiency
      2. Estate transfer (transfer of assets to the children)
      3. Transfer of control
   2. In what ways will a private company differ from their current partnership and in what ways will things carry on the same in the short term?
   3. Discuss features of a trust under the following headings in relation to Jack and Jill’s objectives.
      1. Taxation
      2. Estate transfer
      3. Transfer of control
   4. In what ways, will a trust differ from their current partnership and in what ways will things carry on the same in the short term?