Orange County
Community Foundation

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Savvy Strategies for Business Exit Planning: Tax Considerations

Posted: March 17, 2023

Are you planning to sell your business? Contemplating a merger or acquisition? OCCF recently gathered leading expert advisors and entrepreneurs to share lessons learned and best practices when planning for the sale of a privately held business and the role charitable giving can play in the process.

In ***Part 2*** of our three-part series, we bring you some key insights on tax considerations as you plan for and execute the business transaction.

- Understanding ***tax rates*** in advance of the sale is important. These tax rates depend upon where you live and if you have a capital gain. Work with your trusted advisors to understand these rates.
- If considering a ***residency change*** in advance of a deal, do it right. Understand what it takes to become a non-resident of California and a resident of another state.
- Business transactions are often the most significant and relevant time to plan for ***charitable giving***. Plan for this opportunity and don't put it off until the last minute.
- Ask your CPA and financial advisor to create several multi-year ***financial models*** or tax projections showing the income tax and charitable giving impact. Build this opportunity into your plan and deal structure if applicable.
- If you want to give to charity during the sales process, a ***donor-advised fund*** is a flexible and fast option to consider as you don't need to commit to where the gifts will go at the time of establishment. Private foundations are an option too, but often take nine months or more to establish and have different benefits established by the IRS.

Please reach out to ***Margita Blattner***, Senior Director of Philanthropic Strategy at the Orange County Community Foundation with any questions.

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