

An international conference on the current research related to transfer of ownership and the impact of measures such as taxation.

Stockholm, Sweden, 25th – 26th March 2010

Transfer of Ownership
in Private Businesses
– European Experiences

www.ownershiptransfer2010.org

Conference Newsletter March 2010

Jönköping at the global centre of research on transfers of ownership in private enterprise

CeFEO, the Centre for Family Enterprise and Ownership at the Jönköping International Business School, Jönköping University is one of the co-arrangers of the Transfer of Ownership conference. Since its inception five years ago, CeFEO has evolved into an internationally leading centre for research and learning focused on family enterprise and business ownership. Leif Melin, holder of the first professorship in Sweden oriented towards family business and director of CeFEO explains: "The fundamental precept at CeFEO is to combine academic excellence with practical relevance."

CeFEO currently has a research staff of 30 who represent a variety of disciplines including entrepreneurship, strategy, management, business administration and law. With its distinct interdisciplinary character, CeFEO research is able to illuminate and further develop understanding of a wide variety of key issues related to family business and other forms of business ownership. CeFEO researchers have achieved international recognition through successful publishing: CeFEO has been ranked first in Europe and fourth in the world for academic publishing of family business research, frequent participation in international research conferences and award-winning dissertations and conference papers.

CeFEO also has two visiting professor programmes funded by donations from the Toft Foundation and the Hamrin Foundation, which contribute to maintaining the constant presence of world-renowned researchers at CeFEO.

The dialogue with practitioners – owners, executives and advisers – is a central component of CeFEO's work. A seminar series for practitioners presented in partnership with PricewaterhouseCoopers and the law firm of Gärde-Wesslau Advokatbyrå addresses important development issues related to family enterprise and corporate governance. The main thrust of the Active Ownership training programme is skills enhancement for owners and owner families in



Photo: Jönköping International Business School/Patrik Svedberg

private enterprise. CeFEO's involvement in this conference ensues from another key aim of practitioner-oriented activities at the centre: promoting successful transfers of ownership.

CeFEO's contributions to the Transfer of Ownership conference are based on comprehensive research on changes of ownership and management in private enterprise, particularly in owner-operated and/or family-owned businesses. Several CeFEO researchers will present current research findings at the conference on the 25th and 26th of March, including:

Lars-Göran Sund, Associate Professor of Commercial Law, who will present new findings from a comprehensive study of success factors and pitfalls in connection with transfers of ownership.

Karin Hellerstedt, PhD (Economics), who will present recent research findings on the impact of transfers of ownership on enterprise growth and jobs creation.

Annika Hall, Assistant Professor of Business Administration, who will discuss how roles and identities are affected by the processes of transfers of ownership and management.

Global trend towards lower taxation of entrepreneurship

Krister Andersson, head of the tax division at the Confederation of Swedish Enterprise, remarks on the report “Taxes on Family Businesses and Transfers of Ownership in Europe,” which will be presented at the Transfer of Ownership in Private Businesses - European Experiences conference.

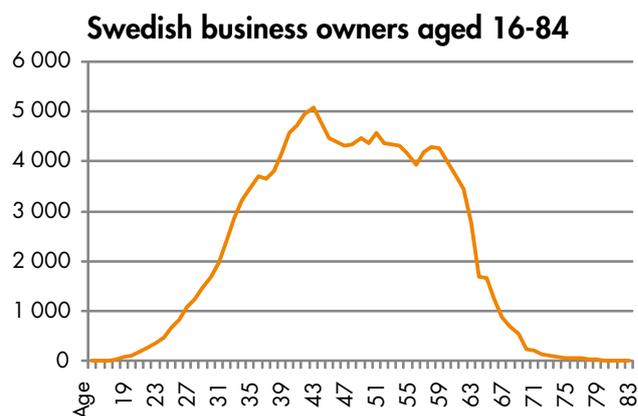
Over the course of five years, inheritance, gift and wealth taxes have been repealed in Sweden. Throughout, Krister Andersson played an active role in the private enterprise sector’s fight against detrimental taxes. The generational change faced by a large percentage of all family businesses in the next ten years was a principal reason for the repeal of these destructive taxes. These changes will affect hundreds of thousands of employees, customers and suppliers along with the business owners themselves.

Family businesses all over Europe are in a similar situation. Within the EU, about 700,000 family businesses change hands every year and as early as 1994, the European Commission recommended that Member States review taxes on family businesses that impact business transfers. In the run-up to the Transfer of Ownership in Private Businesses - European Experiences conference, the Confederation of Swedish Enterprise surveyed taxes on business transfers in EU Member States. The review is based on reports from bodies including the European Commission, Deloitte, IBFD (International Bureau of Fiscal Documentation), PricewaterhouseCoopers and AGN International.

“There is a global trend towards lower taxation of entrepreneurship, and the EU is no exception. However, quite a bit remains to be done with regard to taxes on business transfers. All EU countries except France have done away with wealth tax, but several Member States still levy inheritance and gift taxes. Taxes in connection with the sale of companies are also important, since reasonable tax rates make it possible for the sellers to start new enterprises or have the wherewithal to retire,” says Andersson.

Family business owners often have all of their assets tied up in the business. Inheritance, gift and wealth taxes thus imposed a double burden, since owners were forced to withdraw taxed capital from the company to pay their personal taxes.

Andersson continues: “The Confederation of Swedish Enterprise’s review of taxes on transfers of ownership shows that Austria has done the most towards eliminating the tax barriers to transfers of ownership that the European Commission identified in 1994. Thanks to the repeal of the inheritance, gift and wealth taxes, Sweden is now in second place when it comes to creating better conditions



for transfers of ownership in family businesses.

Of the 148,000 family owners of limited liability companies in Sweden, 46% are 50 or older, and 18% are 60 plus. Favourable conditions for business transfers are thus a topical and highly prioritised policy area.

“Many entrepreneurs agonised about how their businesses would survive the coming generational change and the associated taxation. Taxes compelled many of them to implement complex business structures to provide for the survival of the business. Things were so dire that many Swedish companies, such as IKEA and Tetra Pak, were forced to move ownership abroad. The situation has improved considerably in the last five years,” says Andersson.

The report, “Ownership Transfer - Critical Tax Issues” will be presented during the “Tax and law issues in ownership transfers: Critical tax issues” seminar. Participants in addition to Krister Andersson will include Thomas von Cölln, Manager Corporate Tax at PricewaterhouseCoopers, Germany; Olivier Mellerio, Chairman of the Board of MELLERIO dits MELLER, France; and Dick Patten, President, American Family Institute, United States.

KRISTER ANDERSSON



Krister Andersson is head of the tax division at the Confederation of Swedish Enterprise and Chairman of the BUSINESS EUROPE Tax Policy Group.

TAXES ON BUSINESS TRANSFERS IN EU MEMBER STATES

	No inheri- tance tax	No gift tax	No wealth tax	Re-investment tax relief	Retirement tax relief
Austria	✓	✓	✓	✓	✓
Belgium	✗	✗	✓	✓	✓
Bulgaria	✗	✗	✓	—	—
Cyprus	✓	✓	✓	✗	✗
Czech Republic	✗	✗	✓	✓	✓
Denmark	✗	✗	✓	✓	✓
Estonia	✓	✓	✓	✗	✗
Finland	✗	✗	✓	✗	✗
France	✗	✗	✗	✓	✓
Germany	✗	✗	✓	✓	✓
Greece	✗	✗	✓	—	—
Hungary	✗	✗	✓	✓	✓
Ireland	✗	✗	✓	✓	✓
Italy	✗	✗	✓	✗	✗
Latvia	✓	✓	✓	—	—
Lithuania	✗	✗	✓	✗	✗
Luxembourg	✗	✗	✓	✗	✗
Malta	✗	✓	✓	✗	✗
Netherlands	✗	✗	✓	✗	✗
Poland	✗	✗	✓	✗	✗
Portugal	✗	✗	✓	✗	✗
Romania	✗	✓	✓	—	—
Slovakia	✓	✓	✓	✗	✗
Slovenia	✗	✗	✓	✗	✗
Spain	✗	✗	✓	—	—
Sweden	✓	✓	✓	✗	✓
United Kingdom	✗	✗	✓	✗	✗

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http://www.worldwide-tax.com/slovakia/slo_other.asp

http://www.worldwide-tax.com/lithuania/lit_other.asp

<http://www.globalpropertyguide.com/Europe/Latvia/Inheritance>

PricewaterhouseCoopers

From the conference programme

The reports compiled and presented by participating researchers will be a vital element of the conference. All reports will be available for on-screen reading and download on the conference website at <http://www.ownershiptransfer2010.org>.

5th March, Track B: Critical issues in transfer processes: Succession as role transitions. Ilse Matser of Utrecht University School of Economics will present the report "The Succession Scorecard: A Tool to Assist Family Business's Trans-Generational Continuity," co-authored with Jozef Lievens of the Institute of Family Business, University College Brussel, in Brussels.

Summary:

The paper presents the Succession Scorecard, a tool intended to help prepare for succession. The success of a succession is determined by a wide range of factors. The Scorecard brings these factors together so that entrepreneurs can see at a glance where they stand. In turn, the paper discusses each of the ten success factors included on the Scorecard. The aims are to raise stakeholder awareness regarding succession and provide guidelines to thinking about succession. In the paper, the authors describe how the web-based Succession Scorecard works in practice, and how it can be used to advantage by business owners, researchers and policymakers.

26th March, Track B: Critical issues in transfer processes: Ownership and governance changes. Sabine Klein, professor at the WHU Beisheim School of Management in Germany will present the report "Corporate Governance, Family Business Complexity and Succession."

Summary:

The paper explores necessary post-succession changes in ownership structure. The optimal governance structure is dependent on the complexity of the family business and its four subsystems: family, management, ownership and the company in the market. After a succession, the complexity of family businesses may increase, decrease, or stay the same. Companies need a governance structure that is aligned with their complexity. If corporate governance is more complex than the structure of the family business, additional costs are incurred. If it is less complex, it entails potential costs due to conflict and hence a less than optimal outcome.

This years most important conference on ownership transfers has arrived

The international conference Transfer of Ownership in Private Business - European experiences in Stockholm 25th-26th March 2010 will bring together scholars, entrepreneurs, policymakers and advisers from all over Europe. The conference was arranged by the Centre for Family Enterprise and Ownership (CeFEO) at the Jönköping International Business School and the Confederation of Swedish Enterprise in partnership with PricewaterhouseCoopers and the law firm of Gärde Wesslau Advokatbyrå.

For more information about the conference, visit us online at <http://www.ownershiptransfer2010.org>



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