

## STRUCTURING FOR PHARMACIES

Since the changes to the Pharmacy Practice Act 2006, which have now become incorporated as part of the Health Practitioner Regulation National Law (NSW), it is now possible for a pharmacy to be owned and operated using alternate business structures to those in the past, providing greater benefits and efficiency with regard to such matters as taxation (both for annual income and any eventual capital gain upon sale), asset protection, ease of administration and the ease of admission & retirement of owners. However, it is essential to keep in mind that any restructure must comply with industry regulations and be approved by the Pharmacy Council and should be handled by an experienced professional adviser.

The ability to use different business structures to own and operate your pharmacy should be of interest to anyone looking to buy a pharmacy or existing owners looking to restructure and gain some or all of the following benefits –

- A tax efficient structure that should not only assist with managing the amount of tax you pay each year on your income, but should also maximise the availability of Capital Gains Tax concessions upon sale of the business.
- Asset protection is of major importance given the level of financial commitment involved in owning a pharmacy. By using appropriate strategies and the correct entity to hold your current and potential future assets, you can reduce the risk of losing these through events that pose a threat, such as business risk, bankruptcy, divorce and death. **(Refer to our factsheet on Asset Protection for more detail).**
- A restructure should include a review of the security held by your financiers with regard to your pharmacy debt. In many circumstances the financier may hold security in excess of their requirements and renegotiation of the loan may be possible to ensure your other assets are not put at risk unnecessarily, or can be released and used for alternative wealth creation.
- The superannuation environment also provides some significant planning opportunities with regard to asset protection, tax efficiency and estate planning, and should form part of a well considered business structure.

Ultimately the best structure is one that achieves the desired outcomes for the business owners involved. It is a matter of careful planning, and should reflect what is important to each individual, their personal situation and goals.

At Bentley Brett & Vincent we specialise in providing innovative tax effective business structures that are permitted under the Health Practitioner Regulation National Law (NSW), combined with asset protection and estate planning strategies. We can review your current structures to determine if it is optimal for your individual situation and assist with a restructure if appropriate to your circumstances.

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