

The Trust: its use in the generational transition

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The Trust is often used in family businesses as a planning tool for generational handover. The purpose of the trust in the generational handover is to ensure the unity and integrity of the corporate and company assets by avoiding conflicts between the heirs and allowing the possibility of finding, among them, the successor capable of leading the company itself. Through the use of the trust, the entrepreneur remains free in choosing his successor. In fact, the trustee designated by the settlor will have the task of administering the business complex so that the wealth and income produced are devolved to the beneficiaries descendants of the entrepreneur. Furthermore, the use of the trust in the generational transfer of the company also allows a tax advantage that manifests itself with the exemption from inheritance and gift tax, provided that the trust has a duration of not less than 5 years, is non-discretionary or revocable and who benefits from the descendants or the spouse of the entrepreneur. In conclusion, the choice of the Trust is to be considered a useful and suitable tool for preserving the company assets and all the interests involved in the generational transition, especially in periods like ours, marked by serious financial crises as well as for the other difficulties faced by businesses.