



# management rights brokers australia

**Greg Jorgensen**

## Lining Up The Ducks AKA Getting Organised Before You Buy

It's been more than once in my 5 years in the direct selling of Management & Letting Rights (MLR's) that I'm working with a potential Buyer that finds "THE ONE!", i.e. the right business that ticks many of their wants and needs boxes.

Whilst I as the sales Broker get immediately excited at the prospect of another contract underway, I sober very quickly when I ask, so who are your Team, you know, your Industry Lawyer, Accountant and Finance Broker? And by the way what are your Buying Entities for the real estate and the business?

Sometimes, and only sometimes, the response is "Oh we haven't got that far, who do you think we should use? And who should we talk with about the best entities to buy the real estate and business?"

On the Industry Experts, as I call them, I can and do provide a list of the Industry Folk who are both good and are performers. However, on the entity side of things, it really does come down to the individual and their particular circumstances.

By this I mean the advice from a a Tax or Industry Accountant, who I feel is the best to give this advice, is based upon age, other incomes/businesses, dependants, existing and possible future taxation etc etc. It's not simple and straight forward.

BUT, when I'm asked what do most Buyers do, my response, prefaced by a "now I'm not an Accountant" is that to avoid Capital Gains tax, most people purchase the real estate in their own names and as their principal place of residence. On the business entity front, the accounting world likes a Pty Ltd company as the Trustee of the ABC Discretionary Trust, AKA a Family Trust.

The Discretionary Trust allows you, as Trustee, to distribute monies to family members, including children, but trust me the ATO has not been generous in their meagre allowance to kids!

**IN SUMMARY**, it's super important to establish at the start of your Looking To Buy An MLR Journey, which Industry Lawyer, Industry Accountant and Industry Finance Broker/Banker you are going to use. This can take some time, particularly if you want to have a phone discussion and or meet with that expert.

**LAST POINT** is to simply see your Tax or Industry Accountant right up front, as this takes time as well and sometimes around one to two weeks. What you can't do is to use your Tax Accountant to verify the figures for the MLR business that you go to contract on, as your Bank simply won't accept their report.

***Email me at [greg@mrbrokers.com.au](mailto:greg@mrbrokers.com.au) for a list of the Industry Experts that I know will do a good job in acting for you in the MLR Journey.***

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