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Quest

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In brief

- What is a Quest?
- What are the tax advantages?

What is a QUEST?

A QUEST is a type of employee benefit trust that is set up under the Finance Act 1989. It has certain tax advantages if you fulfil certain criteria.

- a QUEST must be used to benefit all employees of a company or group, although a qualifying period can be set of up to 5 years;

- in addition to benefiting all employees, all employees must be treated equally, so they must receive the same value per head or this value can be varied according to salary, length of service or hours worked;

- a QUEST can only use money given to it by the company to buy shares in the company, give to employees of the company, repay any interest or loans on outstanding capital or pay its expenses.

- a QUEST cannot distribute shares through any discretionary share plan, in effect it can either gift or sell shares directly to employees or via a Save-As-You-Earn share option plan.

What are the tax advantages?

Gifts to a QUEST are tax deductible against corporation tax under the Finance Act 1989. So unlike discretionary trusts, it is possible to claim an immediate tax deduction.

This document is intended as a general guide on complex subjects. It is not intended as a comprehensive review. It should not be relied upon as a substitute for advice in a particular circumstance.

Incorporates the equity incentives businesses of **FIELD FISHER WATERHOUSE** and CAPITAL STRATEGIES.

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