



# Family Enterprise Barometer

Providing all that family enterprise leaders need to know in less than 4 minutes.

JUNE – JULY 2021

## **MORE TAXATION AND LESS TAX AVOIDANCE:**

This June/July edition of the Family Enterprise Barometer is mainly devoted to taxation and adjacent issues because many 'game-changing' ideas and rules are about to unfold. The global tax deal is a perfect example. On June 30, at the time of finishing the attached Monthly Barometer, there was still a degree of doubt about its adoption due to obstruction from holdout nations. Two days later, at the time of completing this Family Enterprise Barometer, the deal has been adopted by 130 countries. The negotiations were held under the auspices of the OECD. There is still much work to be done before the future of corporate taxation is settled, but the agreement leaves no doubt as to the direction of travel. As the details of implementation are being worked out, it will begin to reduce considerably the possibility to use tax havens.

## **SOLIDARITY TAX:**

In the Western world, governments are thinking of closing some immediate budget gaps through a **solidarity tax levied on high incomes or wealth or both**. Most recently, this idea has gained some traction with the

extra taxes to curb emissions directly are likely. These will be levied in a proportional or targeted fashion to ensure that it's not the poorest who biggest brunt (otherwise a tax susceptible to alter the behaviour of the wealthiest members of society would impose unbearable costs on the less privileged. Governments won't repeat the mistake of the diesel levy that in 2018 provoked the Gilets Jaunes mass protests in France).

## **DIVIDEND POLICIES IN UNCERTAIN TIMES:**

A recent report published by the Cambridge Family Enterprise Group advises family businesses to **"be prepared to be flexible" with respect to dividends' policies**. It makes an obvious, yet critical and sometimes overlooked point: **the role of the board is fundamental**. Being the mediator between the perspective of the owners and the needs of the business, the board of directors needs to have a candid and thorough dialogue with the owners. It must understand their needs, their options, and the potential effects (first and second round) if dividends had to be reduced or even eliminated. In turn, the owners need to understand the company's requirements for cash and

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