

STRATEGIC TAX PLANNING

UK & International Tax Lawyers

June 3rd 2013

STILL TIME TO PLAN FOR HIGH VALUE UK PROPERTY OWNED BY NON DOMS

Many Non-Domiciled owners of high-value residential property in the UK were already reeling from the introduction of an annual charge and Capital Gains Tax on UK residential properties held via Companies that came into force on April 6th 2013.

Some were either in the throes of effecting or actively considering what has now been called “De-Enveloping” to avoid these charges when a surprise announcement by Chancellor George Osborne added a further *sting in the tail!*

This measure has now been clarified with the publication of the Finance Bill 2013 and is aimed at UK Inheritance Planning using loans to reduce the value of assets in a person’s estate.

Once the Finance Bill 2013 becomes Finance Act 2013 (around the middle of July) it will no longer be possible to use the most common solution to both the annual charge and Capital Gains Tax:- The Double Trust Scheme.

As currently proposed (and assuming it is not amended) anyone seeking to deduct a loan secured against UK Residential Property for UK Inheritance Tax purposes; where the effect would be that the loan would reduce the value of UK property and effectively turn a UK situated asset into what is known as “Excluded Property” – (assets that are outside UK Inheritance Tax). From then the Double Trust Planning route will no longer be viable.

However, the good news is that there is now a time-limited opportunity to effect this planning to avoid future annual charges and UK Capital Gains Tax on the growth in value of the property.

We are able to advise and implement this planning and any other suitable course, that can avoid these new tax charges but action is needed before the middle of July!

Strategic Tax Planning is a trading style of Stratax LLP

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