

OVERSEAS TRUSTS

Finance (No.2) Bill 2017 ("The Bill") has far reaching ramifications for non-UK domiciled individuals ("Non-Doms") who have been resident in the UK for 15 or more tax years in the last 20.

All UK resident Non-Doms need to understand these changes as they may affect the current planning they have in place and may also affect the future taxation of themselves and their families. With the correct planning however, it may be possible to protect the wealth of Non-Doms and their families.

The taxation of Non-Doms has been under attack for many years and The Bill brought in further stringent rules for long term Non-Doms.

The Bill brings in legislation resulting in any Non-Dom who has been resident in the UK for 15 out of the last 20 tax years being treated as UK domiciled for income tax, capital gains tax ("CGT") and inheritance tax ("IHT") purposes. As a result, the worldwide asset base will be subject to all UK taxes.

Those individuals who are due to become deemed domiciled ("Deemed Doms") in the UK at a future date, have the opportunity to settle protected settlements before they become Deemed Dom in the UK. This will keep assets outside the scope of UK IHT and defer income and CGT from the arising basis until the time a benefit is received from the protected settlement.

Deemed Doms can still benefit from settling trusts to enjoy future IHT savings. There may be immediate IHT charges on creation, but we, at Knox House Trust ("KHT"), are able to analyse an individual's worldwide assets and advise on which assets might be covered to ensure favourable IHT treatment on creation.

There are also opportunities for Deemed Doms to protect future growth of their assets from IHT by using loan trust arrangements.

Current offshore trusts with UK resident settlor or beneficiaries need to be reviewed in the coming months to ensure that the existing arrangements do not cause adverse tax effects when the new anti-avoidance legislation comes in to effect.

KHT works closely with UK tax advisers and lawyers who specialise in offshore trust taxation to ensure that arrangements are tax efficient, and compliant with current legislation.

KHT are independent and privately owned trustees, providing cost effective solutions. We have an extensive knowledge of working with complex arrangements to ensure that the client's needs are met. KHT work alongside incumbent trustees providing their specialist knowledge and can, where necessary, take over as the trustee.

WHO IS AFFECTED?

- All UK resident Non-Doms
- All offshore trusts

WHAT DO I NEED TO KNOW?

- Trusts created before an individual becomes Deemed Dom will be protected
- Trusts offer orderly transition of wealth to future generations
- Deemed Doms and those due to become Deemed Dom, will benefit from a review of their tax affairs

WHAT DO I NEED TO DO?

- Domicile review to ensure Non-Dom status is valid
- Worldwide asset review to understand the effects of the changes
- Review of current structures to ensure no adverse future tax implications

Contact Us

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