



STEP ISRAEL 2018

Tax Updates From Around The World: the United Kingdom

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UK Tax Update – New Rules & Proposals For the International Client

- Non-UK residents moving to the UK
- Trusts
- UK real estate
- UK is still a tax haven

Special Regime for New Immigrants UK Resident/Non-UK Domiciliaries

- Domicile
- Income Tax and Capital Gains Tax - Remittance basis
 - Remittance Basis Charge
 - First 7 years - free
 - Years 8-12 - £30,000 p.a.
 - Years 13-15 - £60,000 p.a.
 - Years 16 and beyond - Worldwide basis (except for Trusts)
- Inheritance Tax on UK assets only
- Trusts
 - No CGT
 - No income tax (on non-UK income)
 - No inheritance tax (on non-UK assets)
 - Distributions and other Benefits

The International Client - New Rules

- CGT rebasing for deemed domiciliaries
- Mixed Funds – Cleansing Rules
- Trusts
 - Close Family Members
 - Conduit/Onward Gifts
 - Capital Benefits to Non-UK residents

UK Residential Property

- Corporate Owners - Annual Tax on Enveloped Dwellings (or "ATED") - from 1 April 2013
2018/19 rates:
 - £500k - £1m - £3,600 (from 1 April 2016)
 - £1m - £2m - £7,250 (from 1 April 2015)
 - £2m - £5m - £24,250
 - £5m - £10m - £56,550
 - £10m - £20m - £113,400
 - £20m + - £226,950
- Capital Gains Tax
 - ATED related CGT — rebased from 6 April 2013
 - Other UK residential property – rebased from 6 April 2015
- Stamp Duty Land Tax
 - ATED related SDLT — 15%
 - 3% surcharge on Second properties
- Inheritance Tax

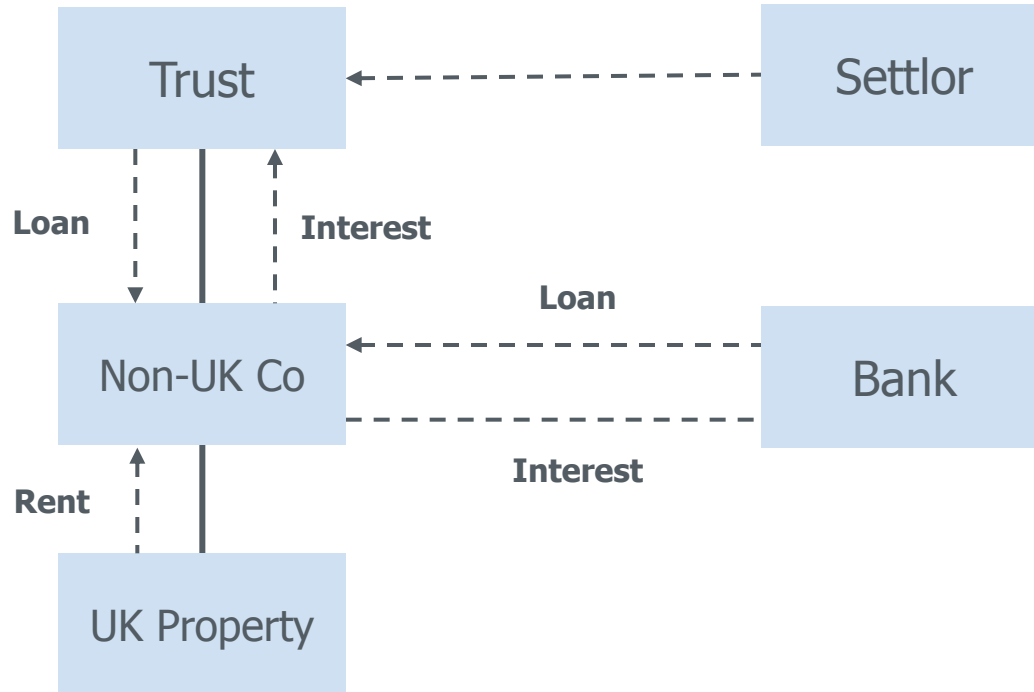
UK Real Estate – New Rules and Proposals

- From 6 April 2017
 - Inheritance Tax on UK residential property
 - Indirect interests
 - Loans
 - Security for Loans
- From 6 April 2019
 - CGT on Non-residents
 - Commercial & Residential Property
 - Indirect interests
- From 6 April 2020
 - Corporation Tax on all Companies
 - Rate

UK Property - Home

- Buy and hold personally
 - No ATED
 - No income tax “benefit” charge
 - CGT - Principal Private Residence relief?
 - Inheritance tax
 - use debt & life assurance
 - Stamp duty land tax surcharge?

UK Property for Investment



- **Residential**

- Income tax – 20% (+ on Settlor?)
- CGT – 28%
- IHT – 40% (from 6 April 2017)
- SDLT – max 15%

- **Commercial**

- Income tax – 20% (+ on Settlor?)
- CGT – No (until 5 April 2019)
- IHT – No
- SDLT – max 5%

Planning

- Non-UK resident, moving to the UK
 - Remittance Basis
 - Clean Capital Account(s)
 - Investment style life policy
 - Borrowing
 - UK Property
- Overseas companies
 - Control and Management/Residence
 - Permanent establishment
- Employment



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This document provides a general summary only and is not intended to be comprehensive. Specific legal advice should always be sought in relation to the particular facts of a given situation.