TAX OVERVIEW

INDIVIDUAL INCOME TAX	up to 45 % progressive rate
INDIVIDUAL CAPITAL GAINS TAX	Up to 20 % or up to 28 % on the disposal of properties
CORPORATION TAX	19% (announcement to increase the rate to 25 % for companies with profits above GBP 250'000.-)
GIFT TAX INHERITANCE TAX	Not applicable under certain conditions 40 % above GBP 325'000.-
WEALTH TAX	Not applicable

INDIVIDUAL TAXATION

UK resident individuals who are taxed on an arising basis are taxed on their worldwide income and gains. Rates of income tax up to 45 %, rates of capital gains tax up to 20 % and on properties up to 28 %.

UK resident non domiciled individuals (UK RND) can opt for the remittance basis of taxation every year. They can organise their assets held overseas in a way

- To use their foreign 'clean capital' tax free in the UK &
- To keep their foreign income and gains overseas in order to avoid any remittance (taxable) to the UK

GIFT TAX

Gif tax will not be chargeable to inheritance tax if the donor survives seven years because the gift is tax exempt.

However, if the donor does not survive during this period of time, the gift becomes chargeable. The longer the donor survives after making the gift, the lower inheritance tax charge (a 'taper relief' applies).

Gifts may be subject to capital gains tax.

UK INHERITANCE TAX ("IHT")

The scope of UK IHT is **determined by the domicile of an individual and the situs of the assets.**

Any UK domiciled individuals are subject to UK IHT on their worldwide assets. This is different for individuals who are non UK domiciled.

As long as individuals are non-UK deemed domiciled and non-UK domiciled, there may be no UK IHT on death provided these individuals do not own UK situs assets (including UK debt). UK IHT would apply to UK situs assets (house/bank account in the UK for example).

The current rate of IHT is at 40 % above the available 'nil rate band' (tax free amount above which IHT applies), currently GBP 325'000 per person. Additional rules apply for married couples.

UK CORPORATION TAX

Companies incorporated in the UK are subject to tax on worldwide profits at 19 %.

Foreign companies are also subject to UK tax on profits attributable to certain UK activities.

ANTI-AVOIDANCE RULES

General Anti-Abuse Rules (“GAARs”), Transfer Pricing Rules, Thin Capitalisation Rules are applicable in the UK.

Controlled Foreign Companies Rules (CFC) apply to companies and not to individuals.

FOREIGN COMPANIES-CLOSE COMPANIES

Offshore companies that would be close companies under UK laws can be considered to be UK resident.

Gains realised by offshore companies can be attributed to its participators and therefore taxed on its participators if they are UK resident.

In broad terms, a close company is one which is controlled by five or fewer shareholders or shareholders who are also directors. Defenses are available, such as motive defense, commercial defense for example.

COMMON REPORTING STANDARD

The UK has adopted the Common Reporting Standard for the automatic exchange of information. The UK is a party to the Multilateral Competent Authority Agreement

EDMOND DE ROTHSCHILD’S INTERNATIONAL WEALTH PLANNING NETWORK IS AT YOUR DISPOSAL FOR ANY FURTHER INFORMATION.