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Concerned market: UK



The Remittance Basis is no longer a permanent solution for UK RNDs – Life Assurance as a Wealth Structuring alternative

UK Resident Non-Domicile clients; are they prepared for 6th April 2017 ?

Without your input, can you be sure that clients become aware and fully appreciate tax changes which may affect them? The UK regime for Resident Non-Domiciles (RNDs) is changing.

Those Private Client Practitioners working with UK RNDs need to ensure that clients acknowledge the changes forthcoming from the 2016 UK Finance Bill.

Within the financial statement of the 16th March 2016 (The Finance Bill), section 7.14, it reads

“The government is undertaking a major reform to non domicile taxation. As announced at Summer Budget 2015, from April 2017 non-UK domiciled individuals (non-doms) will be deemed UK domiciled for all tax purposes after they have been UK resident for 15 of the past 20 tax years.”

<https://www.gov.uk/government/publications/budget-2016-documents/budget-2016>

What does this mean?

UK RNDs planning to enjoy the Remittance Basis of taxation indefinitely will lose this facility. Without structuring they will be taxed on an arising basis like all other UK residents. Consider those;

- already ‘deemed-domiciled’ and currently electing for the Remittance Basis (fee £90kpa)
- expecting to have had 17 years residence as a Resident Non-Domicile
- nearing 15 years (12+) UK residence and previously planning to use the Remittance Basis

What is the financial impact?

That all depends upon the difference between the cost of the Remittance Basis Charge and the combined tax arising annually upon your client’s global investment gains (yield and capital).

NB The wealthier the client, the greater the impact!

When will the new rules be effective from?

The new regime, which will be brought into law within the 2016 Finance Act (expected before the Summer recess of Parliament) will cover all liabilities arising from 6th April 2017.

When will client’s become aware of the new regime?

Hopefully already, but sometime between the announcements already made and their submission of a Self Assessment Tax return for the year 2017/2018 prior to 31st January 2019.

What options are available?

Liabilities to arising Income and Gains can be sheltered within genuine and accepted financial planning structures – such as the Baloise UK Profolio.

What are the fiscal costs of transferring assets under a restructuring exercise?

None if your client is currently exempt from taxation upon non-UK assets or is (or has the option of being) a Remittance Basis User.

What is the true value of tax deferral?

The deferral of tax on arising Income and Gains will always assist compound growth. However, the true value might be a total tax exemption from UK tax if your client plans to leave the UK before enjoying/remitting any investment gains!



The UK does not impose exit taxes!

Those clients impacted by the changes have until April 2017 to act and capture current fiscal freedoms. From consideration over the Summer holidays many will see the need to act. The Autumn and Winter presents an opportunity to take, what for some, will be a one-off chance. ■

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