

09/05/2017

Concerned market: UK



# Cancelled, interrupted or simply delayed – the planned changes to the regime for the taxation of UK RNDs

**(Potential impact on non-UK portfolios for European Wealth Planners & Managers)**

## Planned changes

In previous technical bulletins we have described the widely discussed changes to the regime for the taxation of UK RNDs. The changes embraced many facets of how a RND might structure their wealth. The main considerations for bankable non-UK portfolios are/were

- Deemed-Domicile status after 15 and not 17 years UK tax residence
- Loss of remittance basis option for Deemed-Domiciles
- Concession of rebasing capital values for those becoming Deemed-Domicile on 6<sup>th</sup> April 2017
- Concession for all RNDs around the re-segregation of Mixed Funds
- Implementation on 6<sup>th</sup> April 2017

## The normal process to new fiscal legislation in the UK

The delivery of new fiscal legislation in the UK typically follows a well worn path

- Government announcements, well in advance, of proposed changes to allow interested parties to react and comment (often within an 'Autumn Statement')
- The Finance Bill, theatrically announced in Parliament, by the Chancellor of the Exchequer as the Budget Statement (normally in March)
- Final consideration and scrutiny until passage into legislation within a Finance Act, typically before the Summer recess of Parliament (June or July)

## These are not normal times

The current RND proposals, first aired in July 2015, were confirmed in a statement in December 2016 following an external

consultation process earlier in the Autumn. The changes were then included in the Finance Bill in March 2017 and so expected to be integral within the Finance Act 2017. However, we live in unusual times.

Since March, Theresa May has announced a snap election and logistically there is not enough time for the normal processes to proceed.

The RND changes have been dropped from the Finance Act 2017.

## What happens now ?

No one can say with absolutely confidence what will happen.

RNDs, especially those due to have become Deemed-Domiciled on 6<sup>th</sup> April 2017, may have already restructured, finalised plans to restructure, intended to use the concessions announced with immediate effect from 6<sup>th</sup> April, ...

The UK Government endeavours to portray itself and the Country as a jurisdiction of stability; a haven of relative certainty. The Conservative Party is effectively committed to these changes. To alter course now would be most unlikely. Yet, will they win the election ?

## The most likely outcome ?

The following is offered with as many caveats as you wish.

- The Conservatives win the snap election with an enlarged majority.
- The new Government seeks to implement (within Finance Act No. 2 2017) all/most of the planned legislation announced within the 2017 Finance Bill.
- The RND changes are effective from 6<sup>th</sup> April 2017 (2018?)



## Comments

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In the UK we have grown used to major fiscal changes being announced each year in March. These changes, as part of the Budget Statement, then become effective either that evening or at the start of the next fiscal year (i.e. 6th April); the subsequent legislation underpinning these changes following some months later.

Maybe the process needs to change and so not leave us with the situation we experience now?

UK RNDs should most probably assume that the new regime, as proposed, will come into legislation. The restructuring plans and tools discussed over recent months should still de-liver the planned benefits.

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