



ANDY LEE

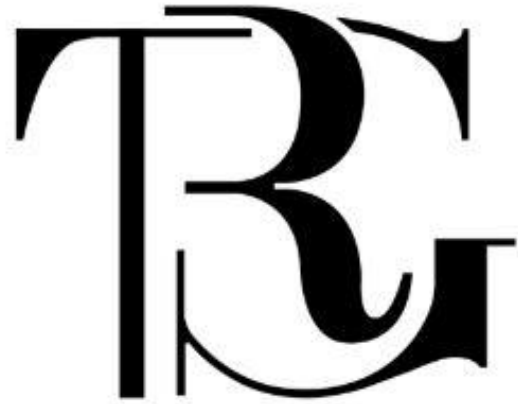
DIRECTOR OF THE RALSTAN GROUP



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PROPERTY OWNERSHIP AND TAXATION

Andy Lee
Director



WORKING WITH OUR STRATEGIC PARTNERS TO PROVIDE:

**UK AND INTERNATIONAL PLANNING
TRUST AND ESTATE PLANNING SERVICES
COMPANY ADMINISTRATION
UK LEGAL SERVICES**

WORKING TOGETHER

- Complex estates
- Estates above the Nil Rate Band
- Liquidity events like business or property sales
- Asset rich/cash planned situations
- Overseas/offshore assets and or structures
- Residence/Domicile issues
- The Financial Planner is becoming a 'go to' adviser for non-investment clients.

Planning
&
Protection
For your
Estate



We have got you covered!

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PLANNING ISSUES

- Exit Strategies – **What's your number?**
- Succession Planning **What happens next?**
- Risk Management/Asset Protection

Influenced by:-

- Political Risk
- Economic Uncertainty

PLANNING LANDSCAPE

- Inheritance Tax at 40%
 - Pre Owned Asset Tax since 2005
 - Trust Tax Changes in 2006
 - Combined Nil rate bands since 2007
 - Introduction of Residence NRB Allowance – 2017-2020
- Capital Gains Tax
 - Differential between investment and property – 20% vs 28%
 - Business Asset Disposal Relief (Formally Entrepreneur's Relief)
10% only up to £1 million now... **2020 Budget reduced from £10 million**
 - Threat of alignment of rates



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Rishi Reform Checklist



Capital Gains Tax



Inheritance Tax



Wealth Tax

Be prepared for change

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PROPERTY TAX CHANGES

IF IT DOESN'T MOVE – TAX IT!

- CGT paid within 30 days of property sale.
- Annual Tax on Enveloped Dwellings (ATED) from 6 April 2013
- Increased rates on residential SDLT -15% penal rate on buying a home in a company
- Non-resident CGT from 6 April 2015
- Increased rates on commercial SDLT
- 3% supplement on SDLT and LBTT ... 2% to expat buyers from 2021
- CGT rates on residential property: kept at 18% and 28% when other CGT rates reduced
- Interest deductions for individual landlords
- Freezing of IHT nil rate band: from 2009 to 2021

UK Property Tax Changes Infographic

Available on our website
www.TheRalstanGroup.co.uk



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UK Property Tax Changes

What you need to know

Property owners and landlords have been a major target for the UK Government in recent years!

Over the last 7 years, there have been over 14 tax changes which have significantly impacted property owners.

This document summarises the key changes you should be made aware of.

1 Covid-19 SDLT

- Temporary reduced rates of Stamp Duty Land Tax (SDLT) will apply for residential properties purchased from 8 July 2020 until 31 March 2021 inclusive.
- You only start to pay SDLT on the amount that you pay for the property above £500,000. These rates apply whether you are buying your first home or have owned property before.
- Companies as well as individuals buying residential property worth less than £500,000 will also benefit from these changes.



2 Residential SDLT

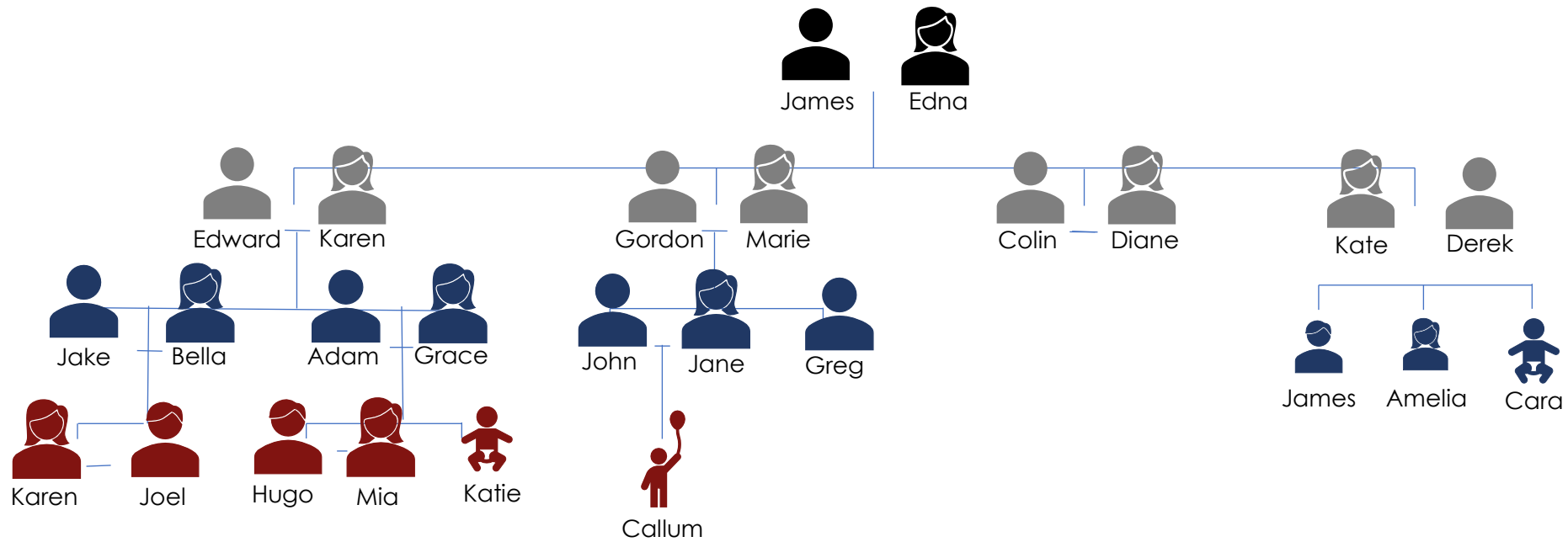
- You usually pay Stamp Duty Land Tax (SDLT) on increasing portions of the property price above £125,000 when you buy residential property, for example a house or flat.
- There are different rules if you're buying your first home and the purchase price is £500,000 or less.





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PLANNING IDEAS

INTRODUCING THE FORTUNE FAMILY



-  Parents
-  Children
-  Grandchildren
-  Great Grandchildren

EDWARD AND KAREN FORTUNE

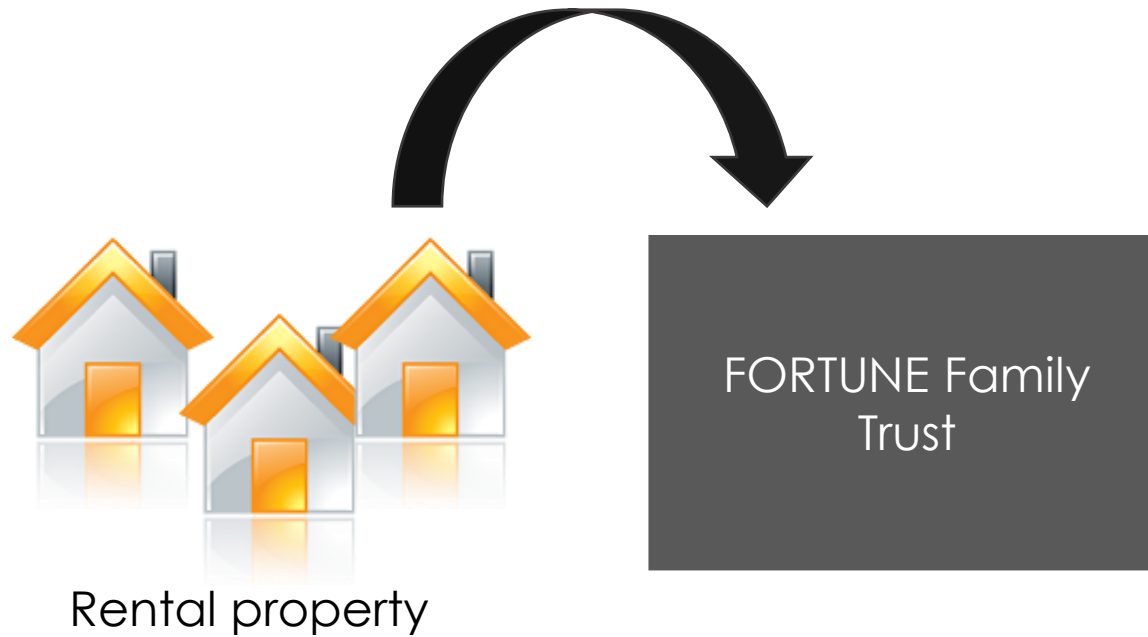
Freezer Trust with Hold Over Relief

STAT:

£1.7tn of residential property in +65 age group

Tax Living...Not Dying...

FREEZER TRUST



Purchased for £200k
Current value £600k

FREEZER TRUST

- Lifetime planning for asset protection and bloodline planning.
- A potential CGT deferral on existing gains at 28% - IHT saving at 40%
- £325,000 per spouse... every 7 years...
- Rental property, share portfolios, shares in family business
- Re-distribution of income
- More inclined to plan as 'Residence NRB' of £1m may cover the home.
- Retain control and certainty as Trustees

GORDON AND MARIE FORTUNE

Freezer Shares

STAT:

£170m Extra IHT from NRB freeze to 2021

Fiscal Drag!

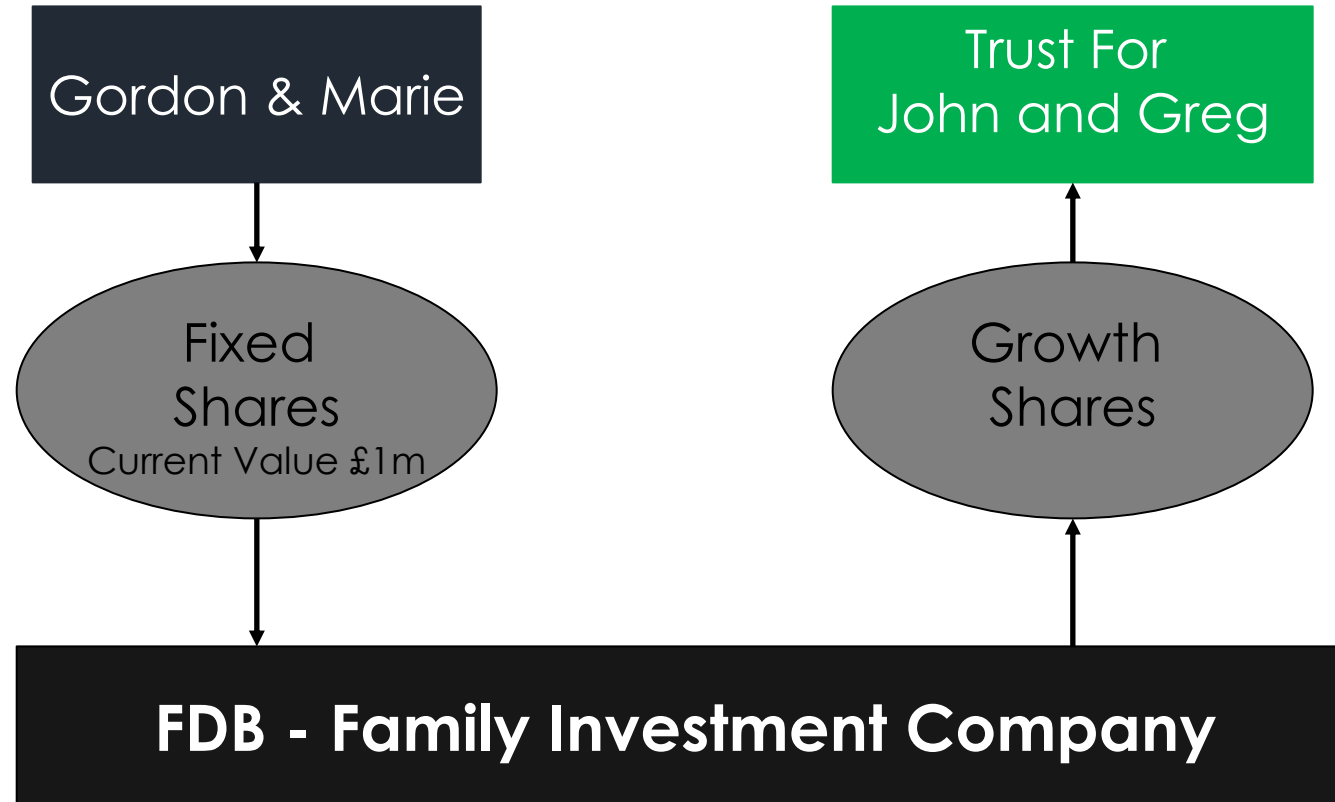
FREEZER SHARES

- Gordon and Marie have an established property development and investment business, Fortune Design & Build Limited (FDB Limited).
- Growth prospects from future projects.
- Exit and succession considerations as John and Greg are actively involved in the business.
- Business Relief eligibility concerns?

FREEZER SHARES

- **Fixed share** reflecting the **current value** of FDB Limited.
- **Growth share** acquires the **future value**.
- Gift growth shares to trust – Effective vehicle for growth.
- Repurchase fixed share... spending capital!
- Precaution against loss of future reliefs, like BR!
- Could lessen impact of dividend tax.

PUT THE SHARES IN THE 'FREEZER'!



COLIN AND DIANE FORTUNE

Incorporation and Share Structuring

STAT:

- £177bn landlord property gains over last 5 years... Interest tax relief replaced by 20% tax reduction
- £1 in every £8 collected in tax from property... Non-resident CGT

INCORPORATION OF A PROPERTY BUSINESS

Background

Colin and Diane own and develop property (value £3 million), some are let to third parties at commercial rents, operating as a partnership.

They busy themselves in the commercial aspects of the properties and negotiate their own reviews, new leases, repairs and up keep, and rental collection.

As higher rate tax payers, they plan to be more tax efficient with their property holdings.

Problem

There are significant capital gains in the property values.

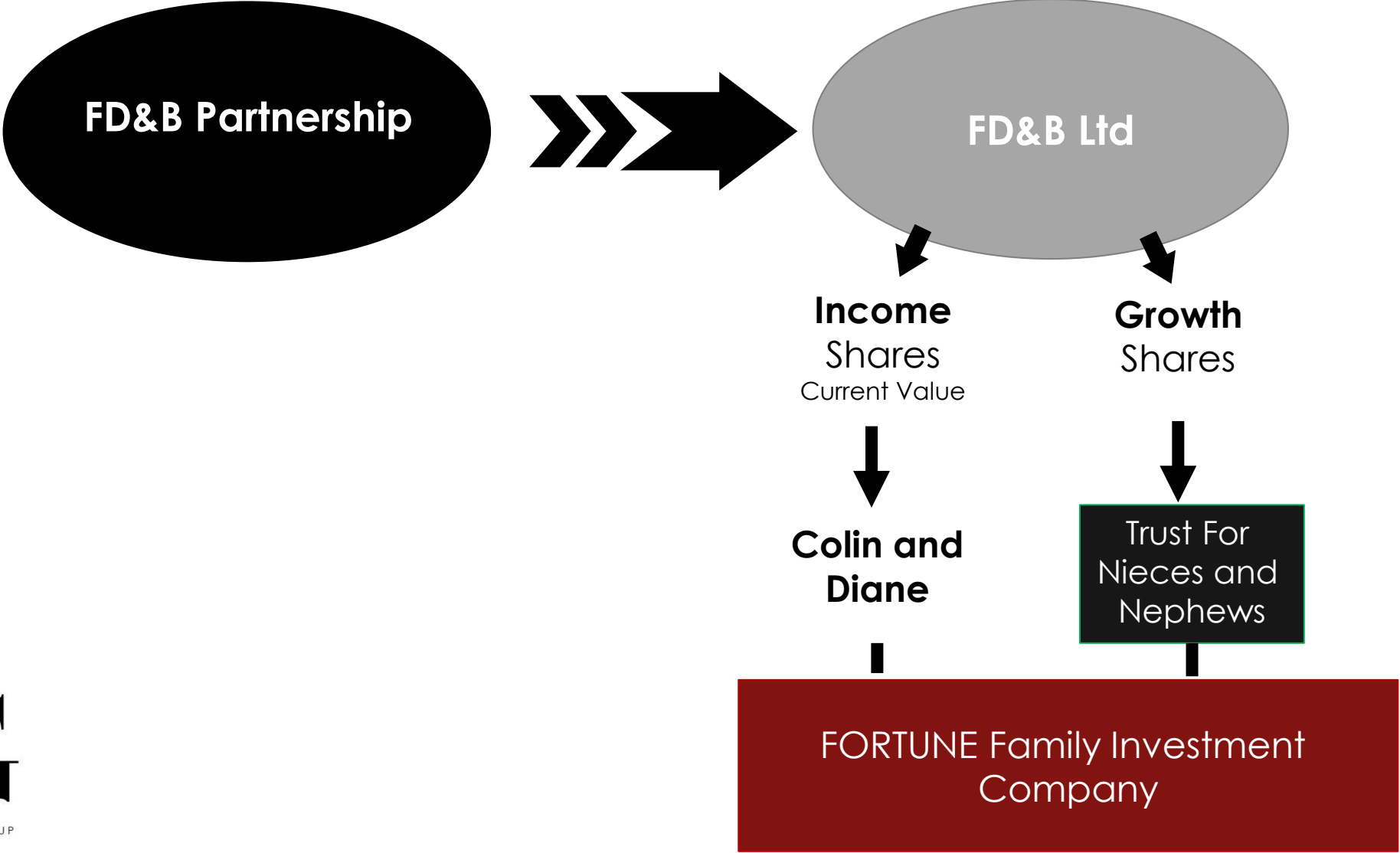
INCORPORATION RELIEF – ‘ROLLING OVER’ GAINS

Solution:

- Colin and Diane incorporate the business into Fortune Design & Build Limited (FD&B Limited).
- They transfer the business to FD&B Limited in return for shares or credit to Directors Loan Account (DLA).
- FD&B Limited is deemed to acquire the business and assets of the partnership at their current market value. ★ INVESTMENT OPPORTUNITY ★
- FD&B Limited may then continue the development and letting business or may decide to sell property, potentially saving capital gains tax and corporation tax.

PUT SHARES IN THE 'FREEZER'

Family Freezer Trust – Remove Future Growth



POTENTIAL SAVINGS

- Lower Corporation Tax... 19% vs 40%...income store
- Freezer Shares - IHT protection on future growth
- CGT deferral /rebasing
- Family Trust for IHT shelter on existing shares and for bloodline succession.
- Tax efficient income distribution and investment planning.
- DLA credit for tax efficient profit extraction.
- No interest tax relief cap on property borrowing

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No Estate Planning ...

It could cost the family its FORTUNE!

DISCLAIMER

This presentation is intended to provide general financial information on matters of interest, and is not intended for use without professional advice.

Every effort has been made to ensure that the content provided is current, correct and clearly expressed. Nonetheless, the applicable laws, rules and regulations may differ due to an individuals circumstances and taxation is an area subject to frequent changes.

As with all accounting, financial and legal matters you must consult a professional advisor before making any important decisions.



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If you would like further information or advice on anything discussed today then please contact us;

Andy Lee

07979 756646

0161 282 0444

Andy.Lee@TheRalstanGroup.co.uk