

# Current tax-planning strategies

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### 1. Trading Companies

Number	Name of Scheme	Tax Structures	Implemented	Counsel's Opinion	Fact Sheet
1.	Profit Extraction	<p>We have the following 7 structures available for extracting pre-tax and retained profits from a company:-</p> <ol style="list-style-type: none"> <li>1. <b><u>Moving Pre-Tax Profits out of a Company without obtaining CT Relief.</u></b> An ideal structure for conservative directors to move profits into the hands of employees, because the specialists get HMRCs approval prior to moving assets out of the company. It is also an excellent vehicle for larger institutions that wish to reduce their overall costs in remunerating employees. The structure mitigates National Insurance and Income Tax but not Corporation Tax;</li> <li>2. <b><u>Moving Pre-Tax Profits out of a Company.</u></b> This is a structure which moves assets out of a company into a pension-type arrangement where employees have full use of the assets. The event uses GAAP principles to trigger a loss in the P&amp;L. The structure is totally different to an EBT arrangement;</li> <li>3. <b><u>Tax-Efficient Employee Rewards.</u></b> This structure outsources remuneration planning to a third party company and can be used to reward employees. The structure allows a Corporation Tax Deduction for the company on the gross amount transferred and also results in Income Tax &amp; National Insurance benefits for the employees;</li> </ol>	Yes	Yes	Yes

		<p><b><u>We have 4 structures which get around Section 24 of the Finance (No. 2) Act 2005.</u></b></p> <ol style="list-style-type: none"> <li>1. The first has an extremely robust opinion from a leading QC who is highly thought of as an income tax specialist. The company supplying the structure are low profile and have managed to get an insurance product to insure the fees;</li> <li>2. The second gets round Section 24 by using GAAP principles to create a loss in the P&amp;L accounts;</li> <li>3. The third structure gets around Section 24 through a loophole in current tax legislation. It is proving to be extremely successful in the marketplace and large amounts of business have been done. For the more conservative the amount of Corporation Tax liable can be allocated to an escrow account until HMRC agrees to the Corporation Tax deduction;</li> <li>4. The fourth structure uses options on the FTSE to move retained profits out of a company without triggering a tax charge (bond type arrangement). A top QC offers a robust opinion. 1% of the fee goes into a fighting fund, which will be used by one of the top 4 accountancy practices to defend the structure. The structure is non-disclosable. HMRC will become aware of the structure in January 2010.</li> </ol>			
2.	Corporation Tax Deduction	<p>We have two structures that can effectively mitigate corporation tax, whilst leaving the profits in the company. The structures involve setting up a subsidiary company, which creates a loss equal to the anticipated profit in the holding company.</p> <p>One structure for large amounts receives HMRCs agreement prior to being implemented. The other structure has been running successfully for 2 years and is used to mitigate corporation tax on net profits in excess of £550,000.</p>	Yes	Yes	No
3.	Capital Gains Mitigation	<p>We have two strategies. The first is a very robust strategy. It uses general accountancy principles and avoids the payment of CT on the disposal of an asset. To ensure its success it must be implemented 5 months prior to contracts being exchanged. Min gain is £3 mil. It is a bespoke arrangement.</p> <p>The second strategy uses wholly commercial structures that allow companies and trusts to totally mitigate their tax liabilities on potential capital gains arising from future sale of assets. Minimum asset value £1mil.</p>	Yes	Yes	No
4.	Transferring Property and Retained Profits out of a Company Tax effectively	<p>Many Directors find that they would like to get a property or retained profits out of a company without incurring a tax charge especially prior to selling the Co. We have two strategies, one similar to number 3. The other strategy, which has</p>	Yes	Yes	No

		been successful for 8 years, can also mitigate IHT.			
5.	Mitigating Tax Payable On The Sale Of A Company And Avoiding Future IHT	We know that shareholders normally only pay circa 10% on the sale of their company. The big problem is how to avoid the HMRC taking another 40% on the death of the director. IF ANY DIRECTOR IS THINKING OF SELLING THEIR COMPANY IN THE FUTURE AND IHT IS AN ISSUE THEN THEY SHOULD IMPLEMENT THIS STRATEGY WHILST IT IS STILL AVAILABLE.	Yes	Yes	No
6.	Solving the Double Taxation Issue On The Sale Of Trade And Assets	Some purchasers of companies only want to purchase the trade and assets so that means that the company will have to pay CT of 30% and then the shareholder will be faced with another 10% tax bill and eventual IHT of 40%. This strategy helps mitigate these problems.	Yes	Yes	No
<b>2. <u>Property Developers</u></b>					
7.	Mitigating SDLT	We work with some of the largest Law Firms in the City who can mitigate stamp duty without the Vendors cooperation. <b>Can be implemented post-exchange.</b> Min size is £2 mil.	Yes	Yes	Yes
8.	Mitigating Tax on Development Profit	We have two strategies that mitigate the profit payable by companies involved in property development but they have to be implemented prior to development taking place. Min future profit must be £1.5 mil	Yes	Yes	Yes
9.	Mitigating Corporation Tax	We can use the structures in “2” above which saves the company 45% of their tax bill. We also have another structure that will reduce the tax down to £0.	Yes	Yes	Yes
10.	Mitigating Tax Payable on Land Options and Flipping	A number of clients are always looking for ways of mitigating the tax payable on companies getting planning permission and then selling. We have a number of popular solutions to this problem.	Yes	Yes	Yes

### **3. Investment Companies**

11.	Mitigating Stamp Duty	We have a number of strategies, one of which works for pension funds.	Yes	Yes	Yes
12.	Mitigating Corporation tax on rental income	The first structure in “2” above can be used to reduce corporation tax by one third. The net rental income must show a profit of £10 mil. Taxed saved will be £1 mil per £10 mil of net profit. The second structure in “2” above can be used to reduce corporation tax by 95% and can be transacted on profits in excess of £550,000.	Yes	Yes	Yes
13.	Reduce CT down to 20%	This structure reduces the tax on profit down from 28% to 20% but more importantly it can get the assets in the company into a trust that is free of IHT.	Yes	Yes	No

### **4. Tax Planning For Individuals**

14.	Mitigating Income Tax	We have two very successful strategies. One is available from £1.5 mil income and is extremely robust - it uses GAAP and if done correctly is difficult for the revenue to challenge. The other is equally robust, using an LLP structure and has been employed successfully for the past 5 years – minimum income £120,000.	Yes	Yes	Yes
15.	Getting Money out of a SIPP	We have a structure that will allow an individual to extract cash out of their SIPP tax-free.	Yes	N/A	Yes
16.	Income Tax Employee Leasing Company	This structure is extremely beneficial to individuals who are able to have their income legally channeled through a leasing company in a jurisdiction that has a double tax treaty with the UK. It is particularly applicable for high income earners who can be employed by the leasing company. We have a top lawyer	Yes	Yes	Yes

		who is able to restructure LLPs so that the partners can benefit from the structure. Minimum salary £150,000pa. The planning also gets around IR35.			
17.	Stamp Duty	SDLT planning for residential properties. Residential minimum purchase value £750,000. The fees are mainly contingent on success.	Yes	Yes	Yes
18.	Mitigating Capital Gains for Individuals	We have five different structures (not CRC's or assurance products) that can mitigate CGT liability in the current tax year. One strategy can also be used to mitigate Gains from the previous year. A second strategy is similar planning to the first structure in "3" above and has been devised by an ex top four tax partner where the majority of the fee is contingent on success. The third structure is similar planning to "1" above. Number four makes use of an EIS deferral into a secure investment with BPR and an annual return of circa 15%. Number five is similar to the second strategy in "3" above.	Yes	Yes	No
19.	CGT & IHT	The structure is useful for people with property portfolios who want to protect their assets. The structure which uses a unique special purpose trust can mitigate any future capital gains and inheritance tax.	Yes	Yes	No
20.	Redemption of loan notes	Many clients hold loan notes which they would like to redeem but do not want to pay the tax .We have a structure which enables the loan notes to be redeemed with no tax payable. Minimum £2m.	Yes	Yes	No
21.	IHT Planning	We have a number of robust strategies that are able to mitigate inheritance tax. They can also be used as death bed arrangements. The client retains full control and use of their assets whilst alive The structures are not subject to the 7 year rule and the estate is not at risk.	Yes	Yes	Yes
22.	Protecting an Elderly person's estate against the council and HMRC.	It is possible for a person to purchase a retirement annuity trust that will provide an income for the recipient and on death the monies left in the trust will past to the beneficiaries free of IHT.	Yes	Yes	Yes
23.	IHT Planning 2 Years	Based on business property relief. The taxpayer borrows the amount they want to mitigate from a bank using their assets as collateral. The borrowing is used to subscribe for ordinary shares in a trading company (property development) which will qualify for BPR after two years. Initial interest payments are deferred and interest services the loan during the life time (no escalation of debt). The tax specialists control the development companies. To date a 15% - 20% return on investment has been achieved, after fees.	Yes	Yes	Yes

24.	IHT Indian & Pakistanis <b>Domiciled in the UK</b>	This planning allows people who are UK Domicile and who are originally from India or Pakistan, to move <b>most of</b> their assets offshore into a trust structure. The assets in the trust are free from Inheritance Tax and Capital Gains Tax. The trust can be used to hold property portfolios, including Hotels and other commercial property.	Yes	Yes	Yes
25.	FURBSs	The new tax treatment of FURBS makes them unattractive and it is now possible to move the assets into another structure that eliminates any potential tax on the growth of the assets and we can also advise how it can also be used to mitigate IHT.	Yes	Yes	Yes
26.	Capital Allowances	Capital allowances are a valuable statutory tax relief available to anyone incurring capital expenditure buying, building or renovating commercial property. They are a statutory right. Retrospective up to 10 years. Minimum purchase or renovation £1m. No win no fee basis. <b>“90% of all Capital Allowances in the UK are not fully claimed”</b> .	Yes	Statutory Law	Yes
<b><u>5. UK Pension Liberation / Pensions Over £1.5m / International Pension Trusts / International Pension Plans</u></b>					
27.	UK Pension Liberation	Our colleagues have two methods of showing clients with pensions that are larger than £2 mil, how to legally liberate them!!!!	Yes	Yes	No
28.	UK Domiciles International Pension Plans with a difference	Wealthy UK Domiciles can put up to 30% of their total assets into an offshore vehicle that grows tax free. It is ideal for City Traders and clients who do not want to be taxed on their income from investments. This strategy has been running for ten years and over 1000 trusts have been set up with HMRC approval. Funds can be accessed whilst in the UK and loans are also available. There is a definitive tax ruling from HMRC approving this structure.	Yes	Yes	Yes

29.	Non Domiciles International Pension Plans	If you have clients who have set up IPPs and have changed jobs then it could be possible to move the client into an arrangement that gives total investment flexibility. The structure is ideal for clients who would like to use their own funds to trade without paying tax on the gains. The strategy is run by a financial institution with over £600 Billion under management.	Yes	Yes	Yes
30.	SIPPS for Non Domiciles	This planning allows Non Domiciles the opportunity to set up a SIPP in the UK that can be transferred offshore without additional costs. It is run by one of the largest Financial Institutions in the world.	Yes	Yes	Yes
31.	Emigrating UK Domiciles / Returning Non Domiciles	We have an arrangement that allows UK Domiciles in the UK who are emigrating to ring-fence their Pension assets in a vehicle which protects them from income tax and possibly even Inheritance Tax. The structure is run by a large international Bank. Can also be used by Non Domiciles <b>before</b> they leave the UK.	Yes	Yes	Yes
32.	Ex-Patriot UK Domiciles with UK Pensions	We can use the structure in “31” above to move existing UK Pension Assets outside of the UK, even when the individual is in Pension Drawdown.	Yes	Yes	Yes