

Personal Tax: The Key Drivers

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Agenda

- ▶ The tax environment
- ▶ The building blocks
- ▶ Know your reliefs
- ▶ A key asset
- ▶ The International dimension
- ▶ Conclusion

The Tax Environment

- ▶ Tax on matrimonial aspects relatively stable
- ▶ Avoidance, reliefs and rules
- ▶ APNs and history
- ▶ Duty to correct

The Building Blocks 1 - Timing

- ▶ Income Tax – permanent separation
- ▶ CGT – year of assessment living together in tax year
- ▶ IHT – Spouse exemption until decree absolute

The Building Blocks 2 - Disposal

- ▶ “Disposal” so critical for CGT
- ▶ Market value rule
- ▶ Nature of the asset

Utilising reliefs is critical

- ▶ CGT – gift relief; PPR
- ▶ IHT – normal expenditure; BPR; no donative intent
- ▶ Stamp duty

The Matrimonial Home

The PPR “Rules”

- ▶ Only or main residence
- ▶ Last 18 months
- ▶ Impact of s225B

Factual Intentions are Key

- ▶ Declaration of existing position
- ▶ Outright transfer
- ▶ Meshes orders
- ▶ Use of trusts
- ▶ Use of charges

The Overseas Dimension

Residence/Domicile

- ▶ The tests
- ▶ Rebasing and cleansing
- ▶ Remittances
- ▶ NRCGT

Offshore Trusts

Key Points

- ▶ Tax deferral and tainting
- ▶ Funding payments
- ▶ Onward gifts

Conclusion

- ▶ Plan early
- ▶ Remember the reliefs and the basics
- ▶ Care with any offshore dimension

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