



POST APRIL 2023 PERSONAL TAX CHANGES – THE CASE FOR INVESTMENT BONDS

Looking at the Budget changes and beyond.

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AGENDA

- › Session is for approx. 60 minutes including questions
- › Aim of the session is to give an overview on the changes announced in the November Statement and March's Budget and the impact on several financial planning structures.

NOVEMBER STATEMENT AND BUDGET ANNOUNCEMENTS:

- CHANGES TO INCOME TAX
- CHANGES TO CAPITAL GAINS TAX
- CHANGES TO CORPORATION TAX
- CHANGES TO INHERITANCE TAX
- HOW AN INVESTMENT BOND CAN ASSIST EFFICIENT INVESTMENT MANAGEMENT
- QUESTIONS.

THE TIMELINE OF EVENTS LEADING TO BUDGET

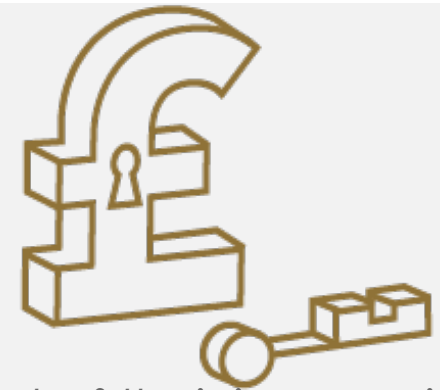
A REMINDER OF THE UNUSUAL EVENTS LEADING TO THE BUDGET

1. We had a fiscal statement in spring 2022 but this contained no tax measures.
2. Liz Truss come into power on 6 September and appointed Kwasi Kwarteng as Chancellor. He then gave his infamous “mini budget” a few weeks later on 14 September.
3. Most of his mini-budget (including abolition of additional rate tax band) was reversed in the weeks following the 14 September. However, the reversal of the NI hike to fund social and health care and abolishment of the Office of Tax Simplification remained.
4. Kwasi Kwarteng left office on 14 October to be replaced by Jeremy Hunt .
5. Liz Truss then left office on 20 October and Rishi Sunak became PM on the 25 of October. This was shortly followed by another mini budget (the November Statement) where Jeremy Hunt announced some further tax changes.
6. We then had a budget on 15 of March – the first official budget for 18 months although effectively Jeremy Hunts second budget within 5 months.

STEALTH TAXES

PERSONAL TAXES

'A tax that is collected in a way that is not very obvious, so people may not realise that they are paying it.' *

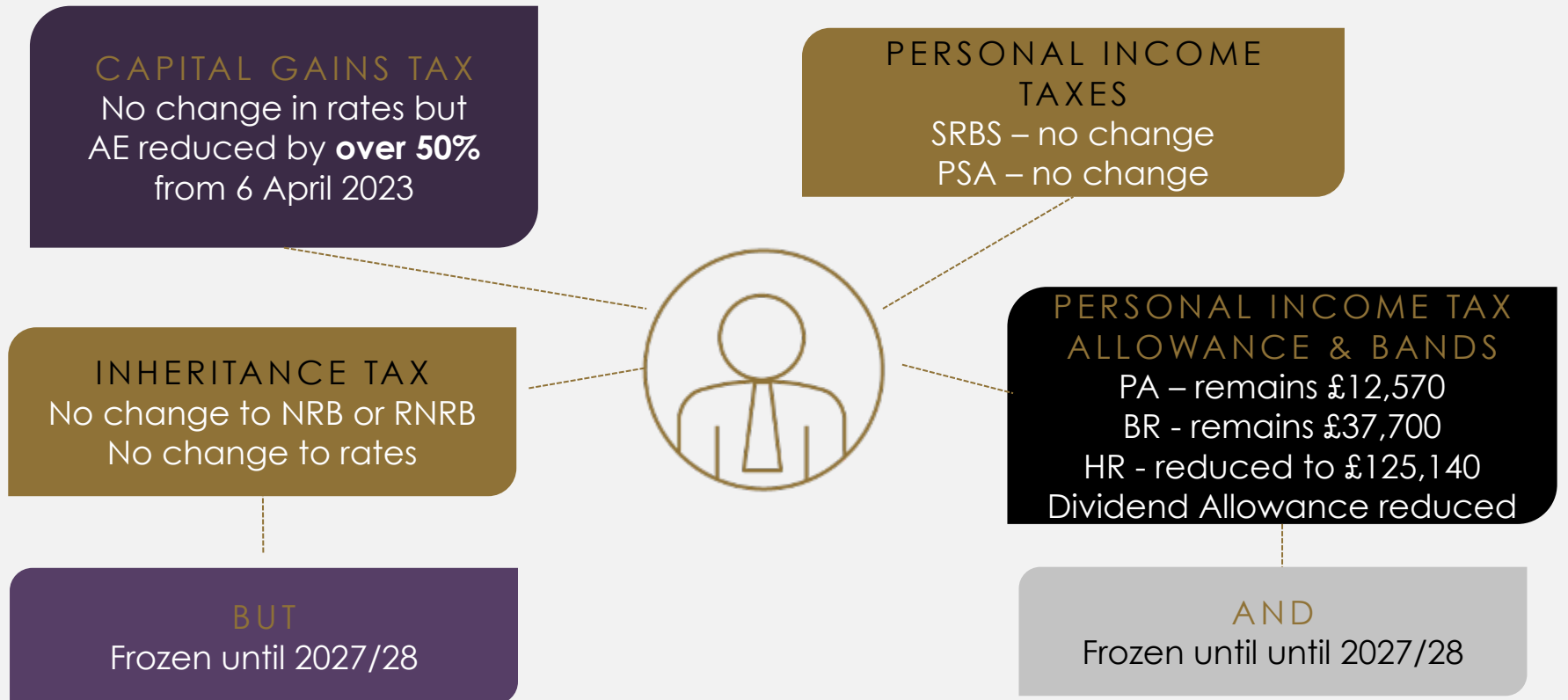


Fiscal drag *'the situation in which people pay a larger part of their income in tax, because the government does not increase the levels at which people pay tax at the same rate as that at which inflation is increasing'* *

A hugely effective tax raising policy which shouldn't be underestimated.

* Cambridge Dictionary

STEALTH TAXES

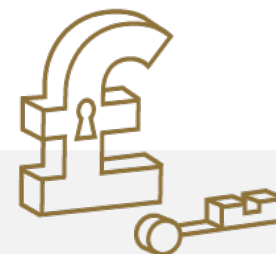




CHANGES FROM 6 APRIL 2023 INCOME TAX

AUTUMN STATEMENT 2022 AND BUDGET ANNOUNCEMENTS

INCOME TAXES



- **Additional rate tax threshold reduces from £150,000 to £125,140 from 6 April 2023.** £125,140 aligns to the amount of income where the personal allowance is completely lost
- The **personal allowance and basic rate band remain frozen** at £12,570 and £37,700 respectively until **April 2028**
- Higher rate tax threshold will remain at £50,270 for those entitled to a full personal allowance
- **The dividend allowance is to be reduced** from £2,000 to £1,000 from April 2023, and to £500 from April 2024
- The dividend tax rates for basic rate, higher rate and additional rate taxpayers will remain at 8.75%, 33.75% and 39.35% for 2023/24
- More investors will need to complete tax returns and more investors will be additional rate taxpayers!

TAX BANDS

FROZEN UNTIL APRIL 2028

INCOME TAX

Key  SRBS £5,000 – only available if taxable non-savings income < £5,000
 PSA - £1,000 if sitting in BRT, £500 in higher rate and £0 in ART
 Dividend allowance £1,000 from 6 April 2023 and £500 from 6 April 2024 – divi's highest from of income and taxed at zero within allowance.

2023/24



2024/25

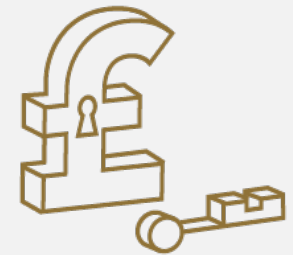


DIVIDEND TAX INCREASES

2022/23 COMPARED TO 2023/24. NON SAVINGS INCOME (NSI) £125,140 AND DIVIDENDS £24,860

2022/23 POSITION	
	£
Taxable Non Savings Income	125,140
Less Personal Allowance	0
Totals	125,140
NSI 20%	7,540
NSI 40%	34,976
NSI 45%	0
Total NSI Tax	42,516
DA of £2,000	0
BRT @ 8.75% on £0	0
HRT @ 33.75% on £22,860	7,715
ART @ 39.35% on £0	0
Total Dividend Tax	7,715
Tax Payable	50,231

2023/24 POSITION	
	£
Taxable Non Savings Income	125,140
Less Personal Allowance	0
Totals	125,140
NSI 20%	7,540
NSI 40%	34,976
NSI 45%	0
Total NSI Tax	42,516
DA of £1,000	0
BRT @ 8.75% on £0	0
HRT @ 33.75% on £0	0
ART @ 39.35% on £23,860	9,389
Total Dividend Tax	9,389
Tax Payable	51,905



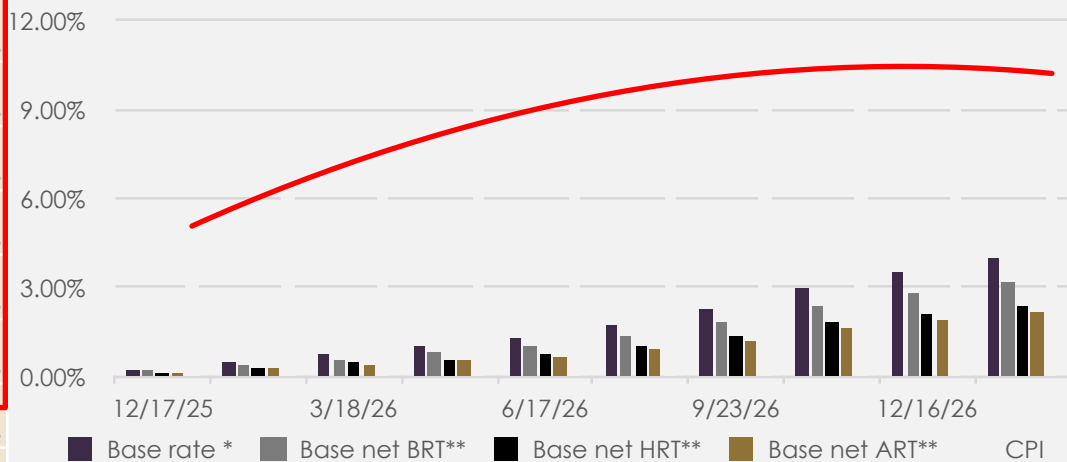
BANK OF ENGLAND BASE RATES V CPI

2021-2023 INTEREST RATES NET OF TAX COMPARED TO INFLATION



DATE	BASE RATE *	BASE NET BRT**	BASE NET HRT**	BASE NET ART**	CPI***
16/12/2021	0.25%	0.20%	0.15%	0.14%	5.40%
03/02/2022	0.50%	0.40%	0.30%	0.28%	6.20%
17/03/2022	0.75%	0.60%	0.45%	0.41%	7.00%
05/05/2022	1.00%	0.80%	0.60%	0.55%	9.10%
16/06/2022	1.25%	1.00%	0.75%	0.69%	9.40%
04/08/2022	1.75%	1.40%	1.05%	0.96%	9.90%
22/09/2022	2.25%	1.80%	1.35%	1.24%	10.10%
03/11/2022	3.00%	2.40%	1.80%	1.65%	10.70%

Net Base rate v CPI



* <https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp>
 ** <https://www.gov.uk/government/statistics/rates-of-income-statistics>
 *** <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>

SAVINGS TAX INCREASES

2022/23 COMPARED TO 2023/24. NON SAVINGS INCOME (NSI) £125,140 AND SAVINGS INCOME OF £24,860

TOTAL TAX	NON SAVINGS
Taxable Non Savings Income	125,140
Less Personal Allowance	0
Totals	125,140
NSI 20%	7,540
NSI 40%	34,976
NSI 45%	0
Total NSI Tax	42,516
Savings £24,860	
NO SRBS AS TAXABLE NSI > £5,000 PSA AVAILABLE	
£500 PSA	0
BRT on £0	0
HRT on £24,360	9,744
APT on £0	0
TAX PAYABLE	52,260
Total savings tax	7,744

TOTAL TAX	NON SAVINGS
Taxable Non Savings Income	125,140
Less Personal Allowance	0
Totals	125,140
NSI 20%	7,540
NSI 40%	34,976
NSI 45%	0
Total NSI Tax	42,516
Savings £24,860	
NO SRBS AS TAXABLE NSI > £5,000 PSA NOT AVAILABLE	
NO PSA – NOW ADDITIONAL RATE TAXPAYER	
BRT on £0	0
HRT on £0	0
APT on £24,860	11,187
TAX PAYABLE	53,703
Total savings tax	11,187

2.7%
increase!

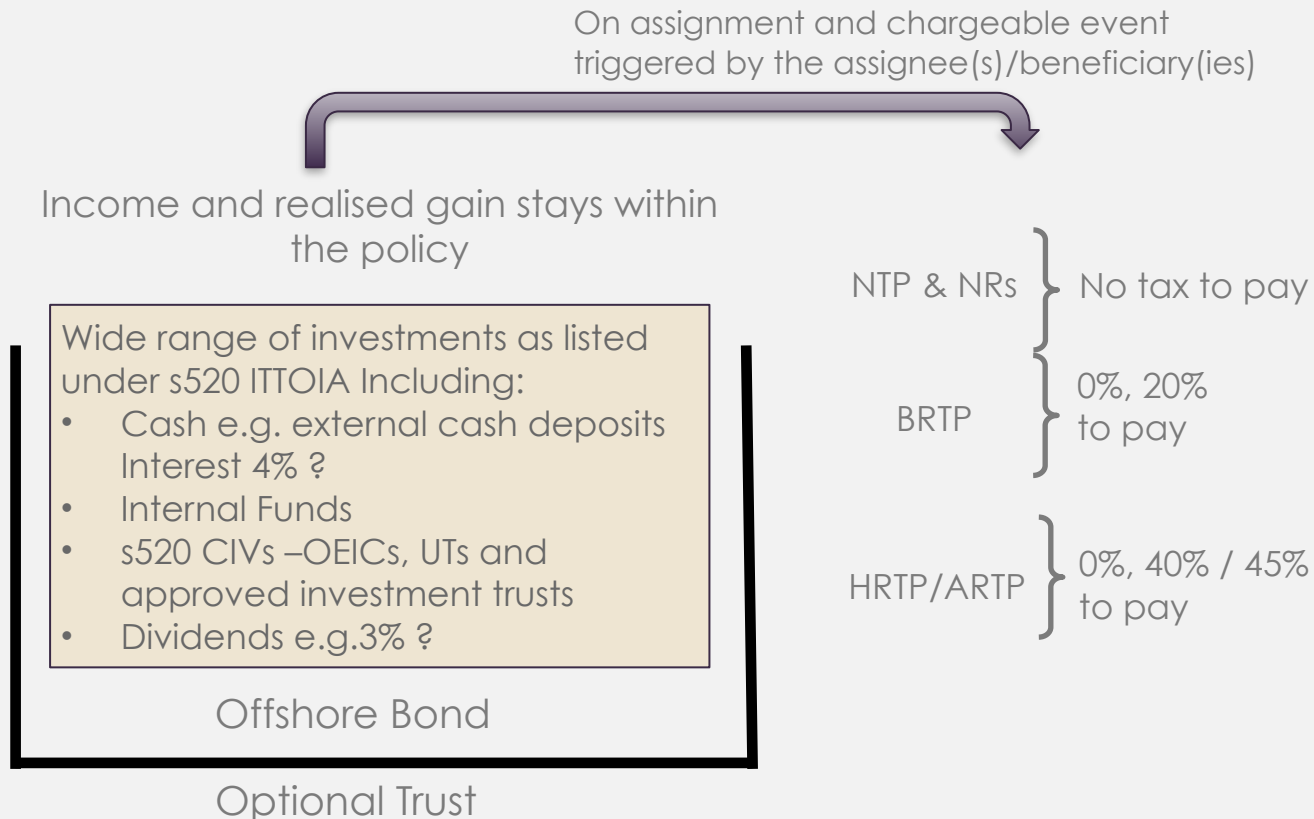
OFFSHORE BONDS

BENEFITS



OFFSHORE SINGLE PREMIUM BOND

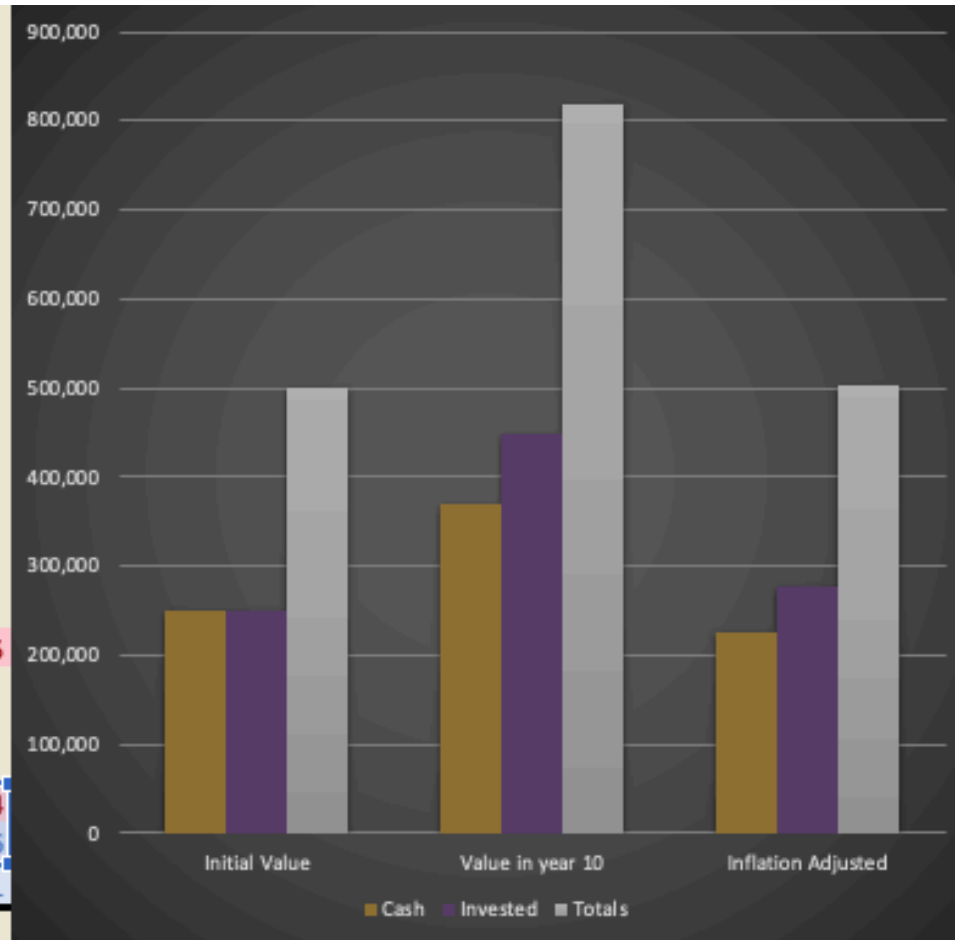
HOW A BOND CAN AID TAX EFFICIENCY



THE IMPACT OF INFLATION

WRAPPED OR UNWRAPPED?

Cash	500,000			
Assumed Return				
Cash	4.00%			
Net cash return (ART)	2.20%			
Investment	6.00%			
Investment period	10			
Rate of Inflation p.a.	5.00%			
% to be invested	50.00%			
UNWRAPPED - CASH				
	Initial Value	Value in year 10	Inflation Adjusted	Real Gain/Loss
Cash	500,000	621,554	376,385	-123,615
WRAPPED - CASH + INVESTMENT				
	Initial Value	Value in year 10	Inflation Adjusted	
Cash	250,000	370,061	226,096	-23,904
Invested	250,000	447,712	276,156	26,156
Totals	500,000	817,773	502,251	2,251



Charges are not taken into account



CHANGES FROM
6 APRIL 2023
CAPITAL GAINS TAX

AUTUMN STATEMENT 2022 AND BUDGET ANNOUNCEMENTS

CAPITAL GAINS TAX

- The CGT annual exemption **is cut by over 50%** from £12,300 to £6,000 from April 2023, and cut **a further 50%** to £3,000 from April 2024
- By 2024 to 2025 it is estimated that **260,000** individuals and trusts will be brought into the scope of CGT for the first-time*
- No change to the rates of CGT for 2023/24 and these will continue to be 10% and 20% (18% and 28% respectively for gains on residential property)
- CGT annual allowance for trusts will therefore be a maximum of £3,000 from April 2023 and £1,500 from April 2024 – as per schedule 1 Section 2(2) TCGA 1992.

*HMRC Policy paper. Capital gains Tax: Annual Exempt Amount <https://www.gov.uk/government/publications/reducing-the-annual-exempt-amount-for-capital-gains-tax/capital-gains-tax-annual-exempt-amount>

CGT EXEMPTIONS AND RATES OF TAX

YEAR	ANNUAL EXEMPTION
2020/21	£12,300
AE in 2023/24 assumed increase of 2.5% p.a.	£13,245
AE if linked to actual CPI	126.4/108.5 X 12,300* = £14,329
Actual AE in 23/24	£6,000
Actual AE in 24/25	£3,000

YEAR	CGT RATES**
1988 to 1989	Income tax rates
1989 to 1990	Income tax rates
1990 to 1991	Income tax rates
1991 to 1992	Income tax rates
1992 to 1993	Income tax rates
1993 to 1994	Income tax rates
1994 to 1995	Income tax rates
1995 to 1996	Income tax rates
1996 to 1997	Income tax rates
1997 to 1998	Income tax rates
1998 to 1999	Income tax rates
1999 to 2000	Income tax rates
2000 to 2001	Income tax rates
2001 to 2002	Income tax rates
2002 to 2003	Income tax rates
2003 to 2004	Income tax rates
2004 to 2005	Income tax rates
2005 to 2006	Income tax rates
2006 to 2007	Income tax rates
2007 to 2008 [Income tax rates
2008 to 2009	18%
2009 to 2010	18%
2010 to 2011	10% or 18/28%
2011 to 2012	10% or 18/28%
2012 to 2013	10% or 18/28%
2013 to 2014	10% or 18/28%
2014 to 2015	10% or 18/28%
2015 to 2016	10% or 18/28%
2016 to 2017	10% or 10/20% or 18/28%
2017 to 2018]	10% or 10/20% or 18/28%
2018 to 2019	10% or 10/20% or 18/28%
2019 to 2020	10% or 10/20% or 18/28%
2020 to 2021	10% or 10/20% or 18/28%
2021 to 2022	10% or 10/20% or 18/28%
2022 to 2023	10% or 10/20% or 18/28%

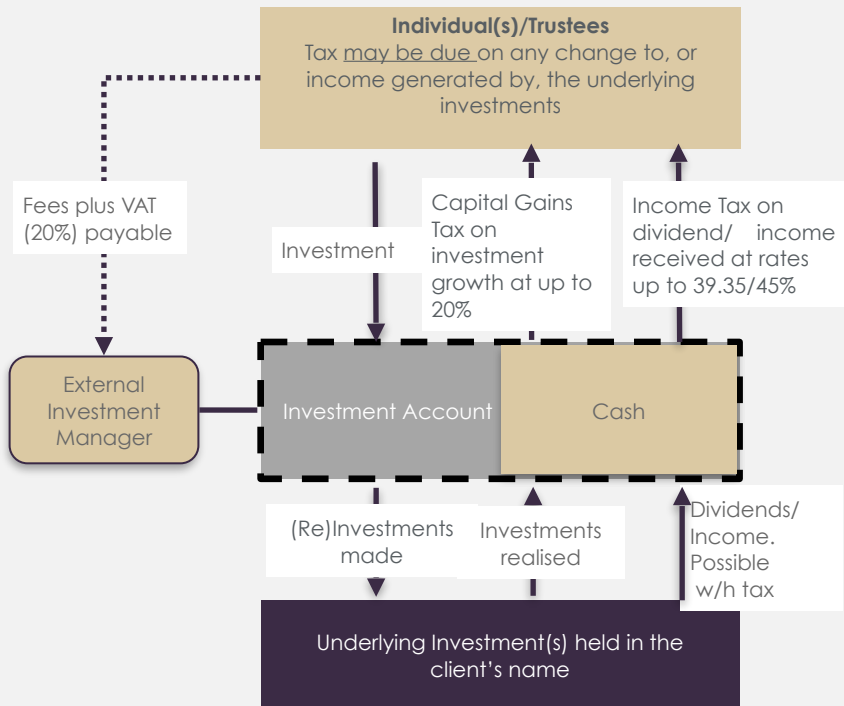
Aligned to
income tax

Independently
set

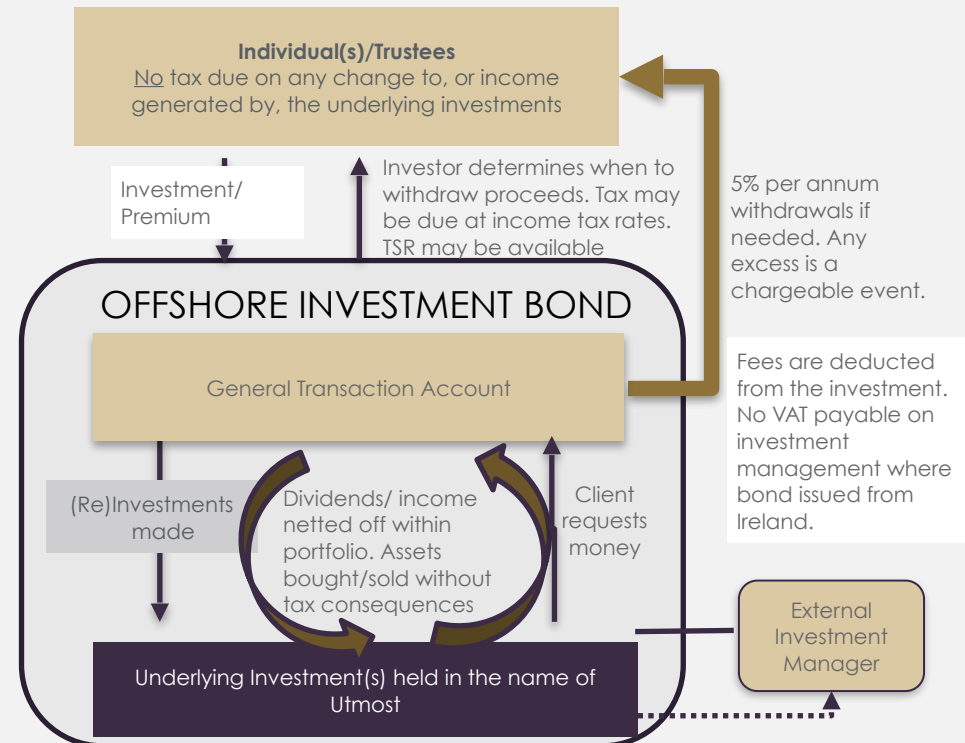
Source: *ONS
** Asset Publishing Service

STRUCTURING AN INVESTMENT PORTFOLIO

DIRECTLY HELD PORTFOLIO



OFFSHORE INVESTMENT BOND

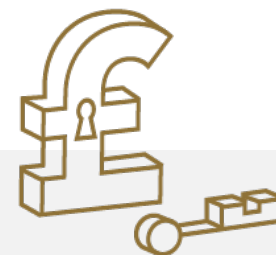




CHANGES FROM 6 APRIL 2023 CORPORATION TAX

AUTUMN STATEMENT 2022 AND BUDGET ANNOUNCEMENTS

CORPORATION TAXES



A range of measures announced to encourage business investment from 1st April 2023 including:

- Changes to capital allowances
- Permanently increase the Annual Investment Allowance from £200,000 to £1,000,000 p.a.

PREVIOUS ANNOUNCEMENT

CORPORATION TAX

The current rate of corporation tax of 19% will increase from April 2023 to 25% for those companies making profits over £250,000. Companies classed as making 'small' profits (£50,000 or less) will continue to benefit from the current corporation tax rate and there will be relief for businesses with profits under £250,000 so that they pay less than the main rate.

CORPORATION TAX RATES

	2022/23	2023/24
MAIN RATE	19%	25%
SMALL PROFITS RATE	N/A	19%
LOWER THRESHOLD	N/A	£50,000
UPPER THRESHOLD	N/A	£250,000

CLOSE COMPANIES

CORPORATION TAX

A close investment-holding company is defined in a negative way. Effectively, it is a close company that does **not** exist wholly or mainly for trading on a commercial basis or investing in land which is (or is intended to be) let commercially (CTA 2010 s 34).

A close company is, broadly, a company which is under the control of:

- five or fewer participators
- any number of participators if those participators are directors, or more than half the assets of which would be distributed to five or fewer participators, or to participators who are directors, in the event of the winding up of the company.

For close investment holding companies and companies with over £250,000 of profits, the rate of corporation tax will be 25%.

FAMILY INVESTMENT COMPANIES (FICs)

CREATION AND STRUCTURES

WHAT ARE THEY?

- Usually UK incorporated companies (limited or unlimited)
- Carry on an investment business
- May engage the service of investment managers.

A SIMPLE STRUCTURE

- Client and spouse can be directors
- Family members hold shares in the company
- Company may be funded by way of loan
- Different classes of shares can be issued.

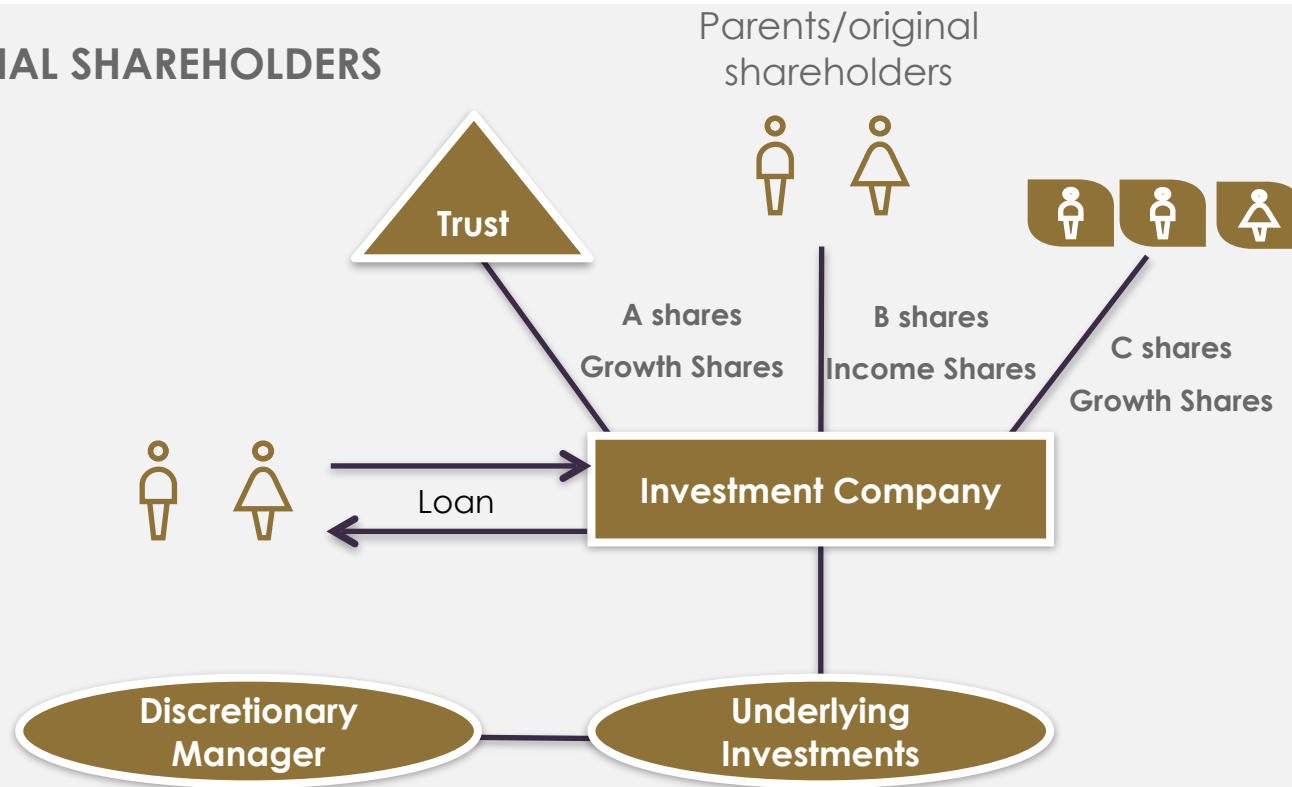
WHY?

- HNWIs seeking tax deferral
- Alternative to trusts.

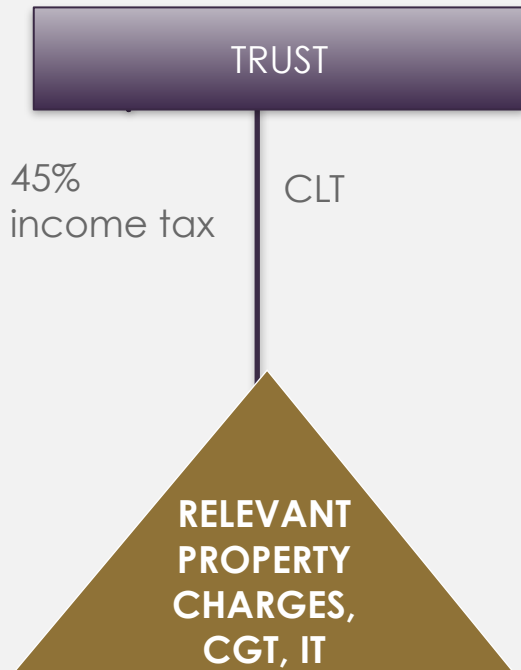
NEW FAMILY INVESTMENT COMPANIES

TYPICAL STRUCTURE

POTENTIAL SHAREHOLDERS



TAX ADVANTAGES?



Different share structures to deal with family's need for:

Voting control

Capital appreciation

PETs for IHT based on share class gifted

Corporation Tax 25% from April 2023

Dividends received exempt from tax BUT...

Interest payments/rental income

There may be withholding tax on overseas dividends and interest

CAPITAL AND INCOME EXTRACTION

TAXATION OF INDIVIDUAL

- Profits typically extracted as loan repayments or dividends
- Loan repayments are tax free in hands of individual (surrender of underlying investment may trigger corporation tax within FIC)
- Dividends subject to tax...

TAXABLE INCOME BAND	TAX RATE
0 - £1,000 (dividends only)	0%
£1,001 - £37,700	8.75%
£37,701 - £125,140	33.75%
£125,141 +	39.35%

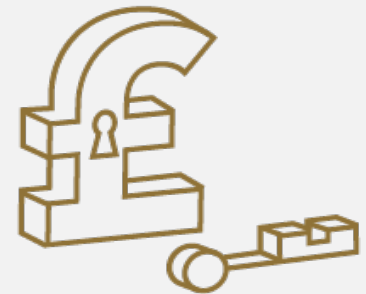
CORPORATION TAX

EXTRA CORPORATION TAX DUE ON THE REALISATION OF £100,000 GAINS

YEAR	CORP TAX RATE	CT	NET GAIN	DIVIDEND ALLOWANCE	TAX IF NET GAIN
2022	19%	£19,000	£81,000	£2,000	£79,000
2023	25%	£25,000	£75,000	£1,000	£74,000
% CHANGE	6%				

YEAR	TAX IF NET GAIN PAID AS DIVIDEND*	NET PROCEEDS	EFFECTIVE TAX RATE
2022	£31,086	£49,914	50.1%
2023	£29,119	£45,881	54.1%

- ADDITIONAL RATE TAXPAYER TAXED AT 39.35%



FICs SALE OR LIQUIDATION

- Shareholders charged to CGT on gains following sale or liquidation of the company
- Entrepreneur's relief would not apply as investment company
- Full individual annual exemption potentially available
- CGT rates therefore charged at individual rates i.e. 10% or 20% on whole increase if shares subscribed for at par!
- Liquidation costs and delays.

POSSIBLE PROBLEMS?

DISADVANTAGES:

- Growth stocks subject to corporation tax on disposal. A minor change in Corporation Tax...
- **Double layer of tax on extraction.**
- Changes to CGT rates or exemptions
- All shareholders subject to same investment objectives
- Future changes in legislation may affect tax treatment
- S13 TCGA Non Dom's need to be Remittance Basis Users!
- Loan repayments may be seen as aggressive? A return of capital may not be a continuing feature.

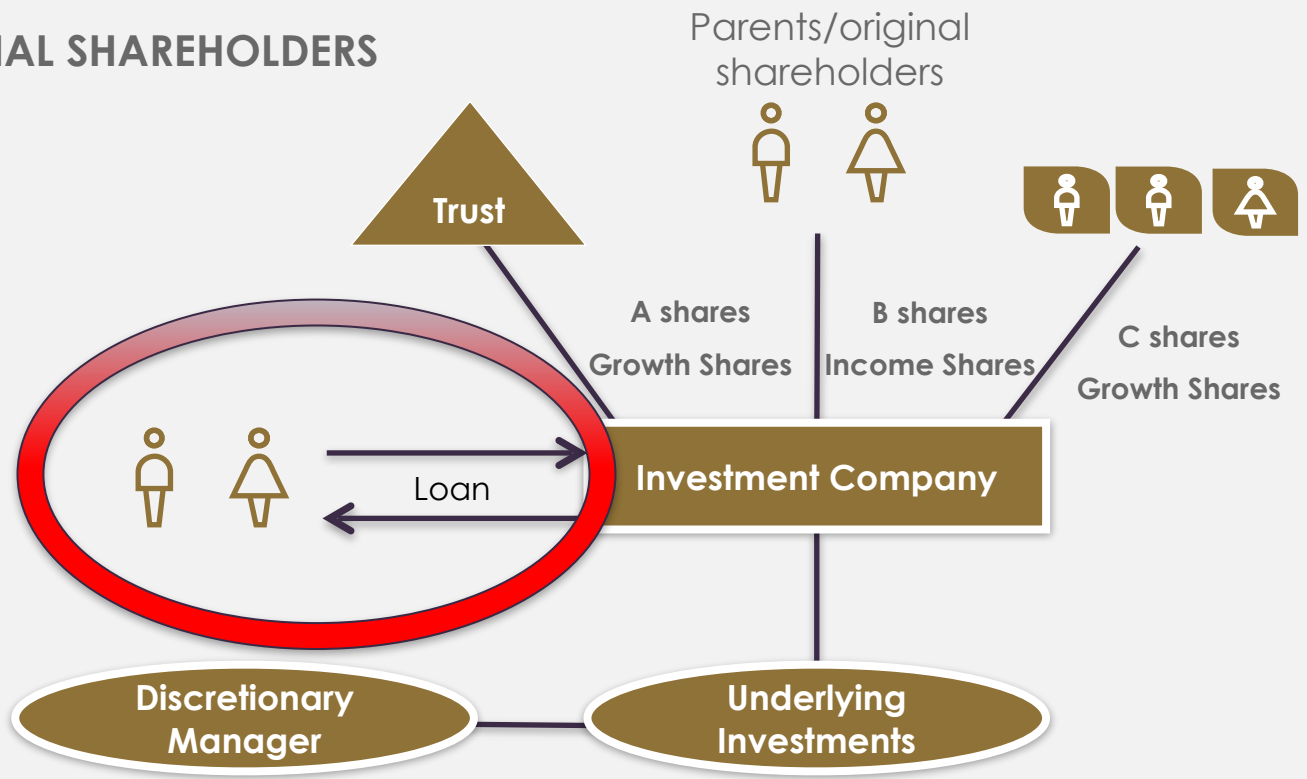
INVESTMENT BONDS AS AN ALTERNATIVE

FEATURE	FICs AND TAXATION OF COMPANY	INVESTMENT BONDS IF HELD DIRECTLY BY INVESTOR
Structure	Investor is a shareholder of the FIC	Investor is a policyholder
Tax deferral	Available but Loan Relationship Rules may apply, rent, interest	Available
Tax free switching	Any encashment may give rise to Corporation Tax	Yes
Taxation of dividends	No further tax on UK dividends. Foreign dividends and Interest may be subject to Corporation Tax.	Tax Free save for any withholding tax
INVESTOR TAXATION	FIC	OFFSHORE INVESTMENT BOND
Tax deferred withdrawals	All dividend payments subject to Income tax in the hands of the shareholder	5% available
Portability	Controlled Foreign Company Issues?	May be tax efficient
Assignment	Disposal for CGT	No Income tax or CGT if by way of Gift.
Extraction of profits/gains	Repayment of shareholder loans. Dividends Double tax on Gains	Chargeable events regime in the UK Top Slicing Relief available Savings Income

NEW FAMILY INVESTMENT COMPANIES

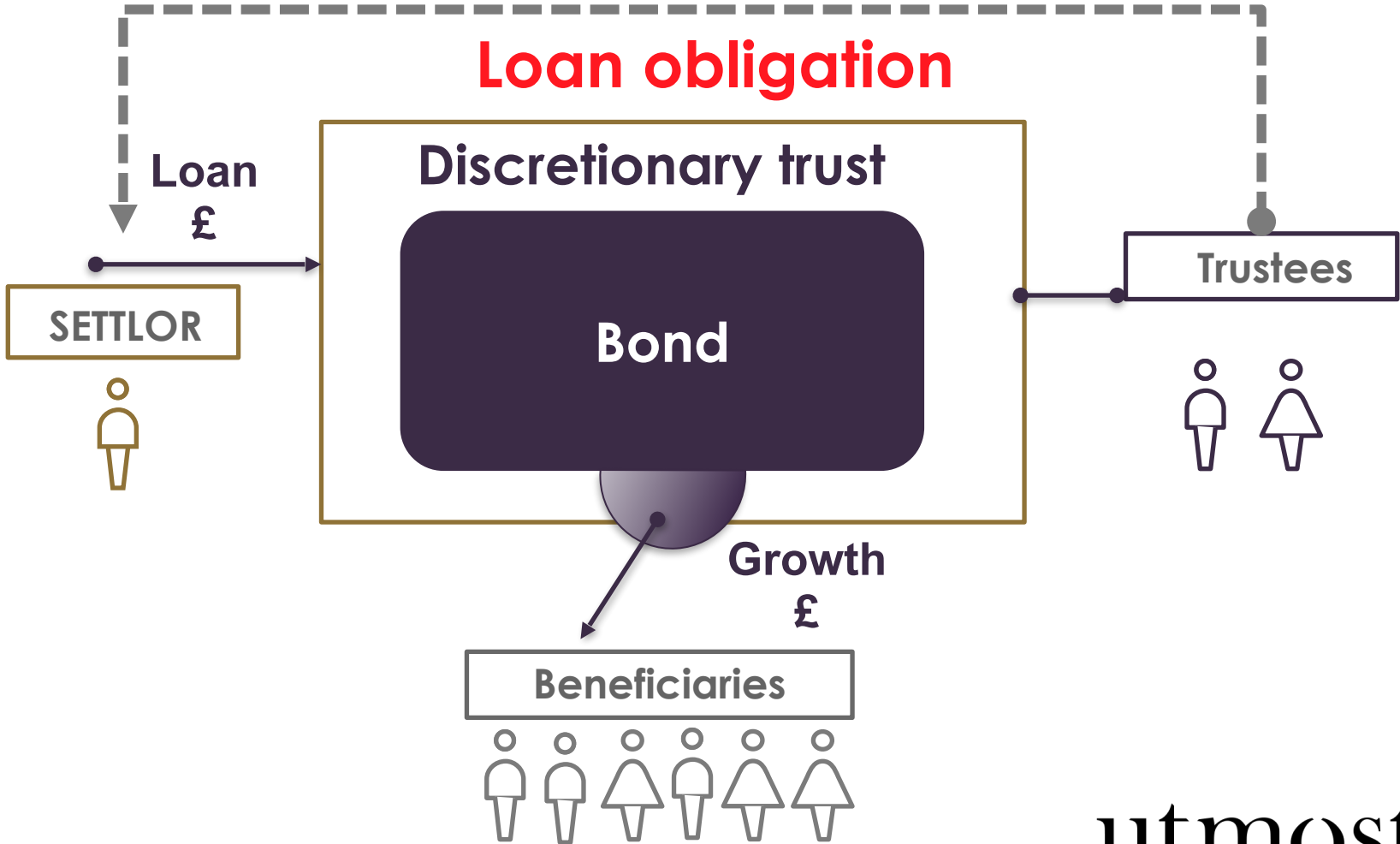
TYPICAL STRUCTURE

POTENTIAL SHAREHOLDERS

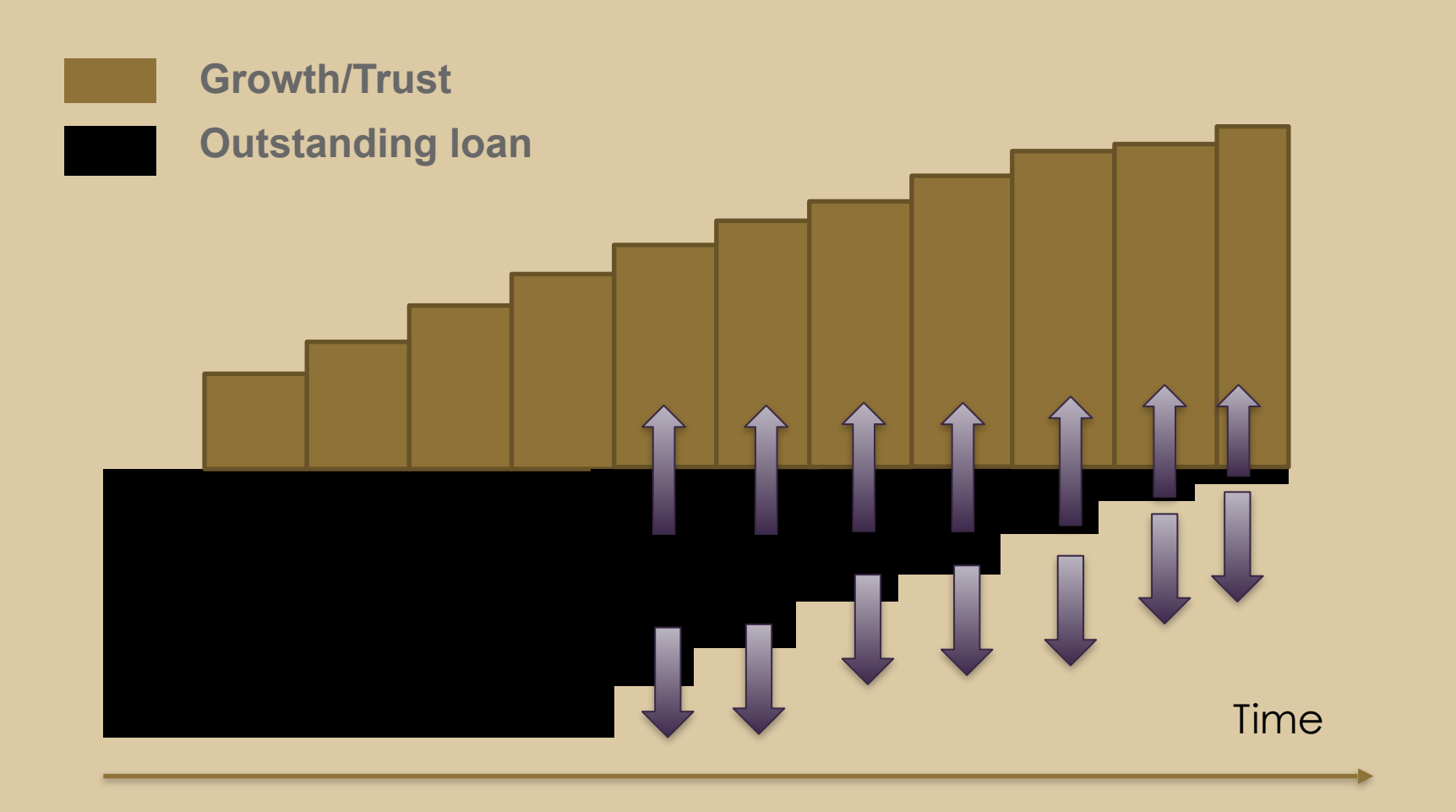


A LOAN TRUST AS AN ALTERNATIVE

DISCRETIONARY EXAMPLE



POTENTIAL BENEFITS



LOAN TRUST AS AN ALTERNATIVE

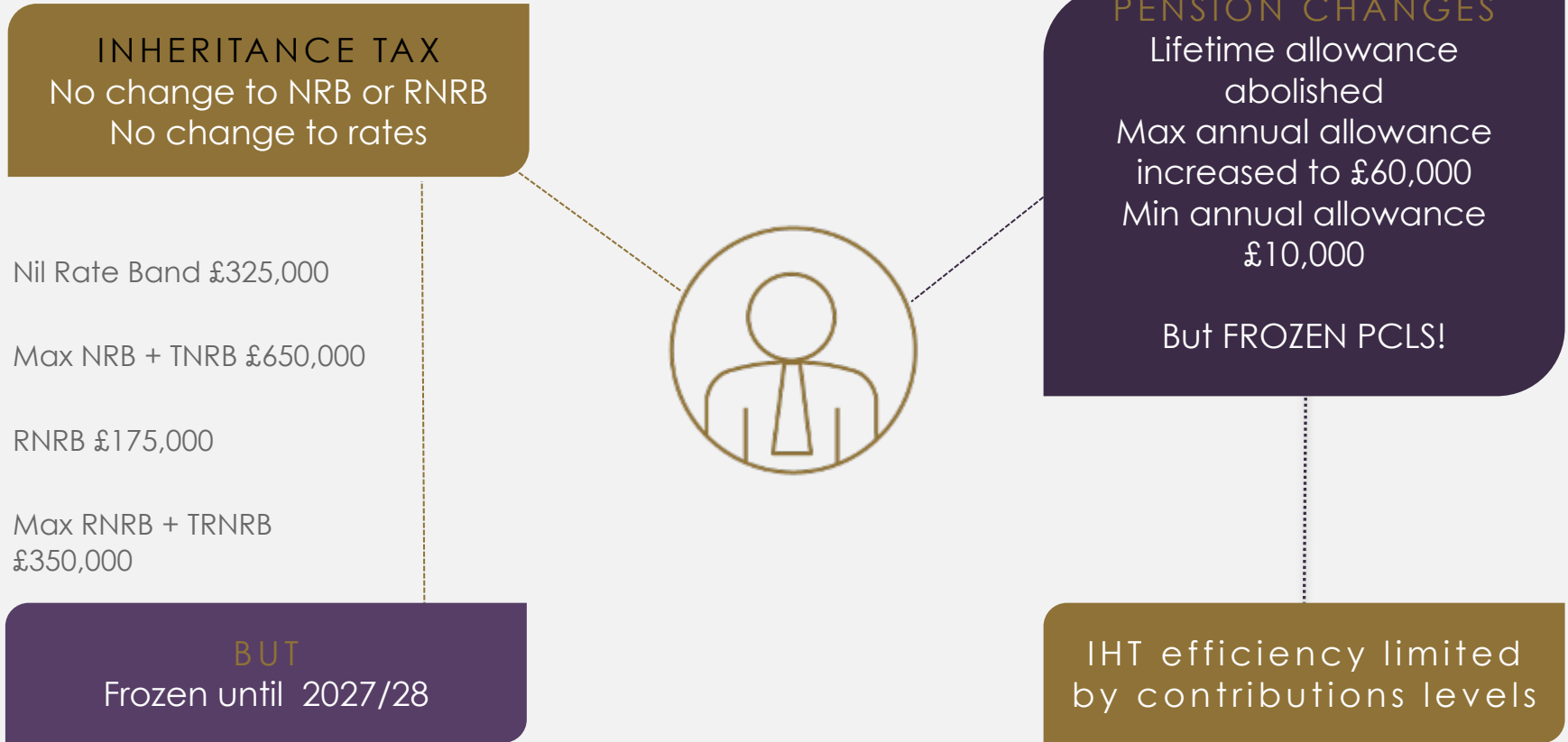
SUMMARY

	FIC	DISCRETIONARY LOAN TRUST
Creation	No transfer of value	No transfer of value
Growth	Not part of estate on gifted shares	Not part of estate
Outstanding loan	Part of estate	Part of estate
Succession	PET to individual CLT to discretionary trust	Waived loan – CLT
Tax in structure	Corporation tax 25%)	Potential periodic charges
Tax in underlying wrapper	Collectives – no tax on dividends or savings interest 20% corporation tax on non savings income	Offshore bond – grows largely tax free (apart from possible withholding tax)
Distribution	Dividends – taxed on individual	Segment surrender or part withdrawal – possible chargeable event but 5% available
Control for founder/ settlor	Directors	Trustee
Wind up/final distribution	Corporation tax on gains after and CGT on individual?	Within trust 45%. Tax free assignment – individual savings allowances, TSR



CHANGES FROM 6 APRIL 2023 INHERITANCE TAX

AUTUMN STATEMENT 2022 AND BUDGET ANNOUNCEMENTS



EXTRA INHERITANCE TAX

THE IMPACT OF FREEZING THE NRB AND RNRB TO DATE

YEAR CURRENT RATE WAS SET	NRB/ RNRB	ACTUAL VALUE IN 2023/24	VALUE IN 2023/24 IF INCREASED BY 2.5% P.A.	POTENTIAL EXTRA TAX COLLECTED @ 40%
2009/10	£325,000	£325,000	£459,000	£53,600
2020/21	£175,000	£175,000	£188,000	£ 5,200
TOTAL				£58,800
TRANSFERABLE NRB AND RNRB (x2)				£117,600

House prices have continued to rise and inflation is increasing values of other asset. Average house price in 2023 is approx. £280,000 (56% of the current NRB and RNRB combined) but would have been only 43% of the NRB had it growth with inflation.

Is IHT still a tax for the rich?

EXTRA INHERITANCE TAX

THE IMPACT OF FREEZING THE NRB AND RNRB LOOKING FORWARD TO 2027/28

YEAR CURRENT RATE WAS SET	NRB/ RNRB	ACTUAL VALUE IN 2023/24	VALUE IN 2027/28 IF INCREASED BY 2.5% P.A.	POTENTIAL EXTRA TAX COLLECTED @ 40%
2009/10	£325,000	£325,000	£506,000	£72,400
2020/21	£175,000	£175,000	£208,000	£13,200
TOTAL				£85,600
TRANSFERABLE NRB/RNRB (x2)				£171,200

NIL RATE BAND PLANNING

CHOICES

1. Use any available Nil rate band on first death:

Legacies to trusts, individuals other than surviving spouse, civil partners

2. Transferable Nil Rate Band, Transferable Residence Nil Rate Band.

TRANSFERABLE NIL RATE BAND

- Finance Act 2008 introduced legislation to allow a claim to be made by the PR's to transfer any unused NRB on a person's death to the estate of their surviving spouse who dies on or after 9 October 2007. (Spouse includes registered civil partner)
- Claim must be made using form IHT402
- The provisions will broadly apply to anyone who dies after 9 October 2007, regardless of when their spouse died
- **Note:** where the first death occurred between 21 March 1972 and 13 November 1974 there was a limited spousal exemption of £15,000 under Capital Transfer tax. (Before 21 March 1972 no relief at all!).

TRANSFERABLE NIL RATE BAND CONT...

- For civil partners the first death must have occurred on or after 5 December 2005
- The amount of NRB available for transfer will be based **on the proportion of unused NRB at the time of death** of the first spouse but applied to the NRB applicable at the time of death of the survivor
- A maximum of 100% of the NRB will be available to transfer – can be accumulated on more than one occasion, such as where a person dies having survived more than one spouse.

THE FINANCE ACT 2008 AND S8A IHTA 1984

M = maximum that could be transferred by the chargeable transfer on the persons death if it were to be wholly chargeable to tax at nil %.

VT = the value actually transferred by chargeable transfers (nil if no transfer was made).

A PERSON HAS AN
UNUSED NRB IF:

$$M > VT$$

THE FINANCE ACT 2008 AND S8A IHTA 1984

When a claim is made the percentage is:

$$\frac{E}{NRBMD} \times 100$$

This can therefore be expressed as:

$$\frac{(M-VT)}{NRBMD} \times 100 = \text{Percentage unused.}$$

$$E = M - VT$$

M = NRB **at first death** less any chargeable transfers in the 7 years before death

VT = chargeable value of legacies passing under the will, including assets passing on survivorship and assets held on IIPs trusts

NRBMD = NRB at date of death.

OTHER CONSIDERATIONS FOR TNRB

John and Mary are married. John dies in November 2007 - £150,000 of his £300,000 NRB is used.

50% of NRB is not used.

Mary remarries and her new husband, Gary, dies when the NRB is £325,000.

Gary uses £81,250 of his NRB.
75% of NRB is not used.

Mary dies when the NRB is £400,000

Her NRB will be effectively doubled to £800,000

Even though **125%** of her two spouses' NRB is unused the amount transferred is limited to an additional 100%.

TRANSFERABLE NIL RATE BAND

THE MECHANICS

- Personal Representatives (PRs) have 24 months from the end of the month in which the deceased died to make a claim
- If not claimed by PRs, then beneficiary liable to IHT can claim
- Any uplift in the NRB is only given at death, no uplift applies to reduce the value of chargeable lifetime transfers
- The relevant forms are IHT400 and IHT402
- Various evidence will be needed
 - › Death certificate
 - › Marriage certificate or civil partnership certificate
 - › Will
 - › Probate/Grant of Representation
 - › Deed of Variation (if applicable).
- Record keeping vitally important going forward.

RESIDENCE NIL RATE BAND

MAIN POINTS

- Unused proportion of RNRB will be transferable to surviving spouse or civil partner where survivor dies on or after 6 April 2017 regardless of when the first spouse died
- Where first death occurred before 6 April 2017 the RNRB is deemed to be £100,000
- Legislation means that, irrespective of what actually happened, no part of this RNRB will be deemed to have been used
- This means the surviving spouse's estate will always have a 100% uplift
- This is unless the estate of the first to die exceeded the taper threshold of £2m when the deemed £100,000 RNRB would be reduced on a 2:1 basis over £2m (i.e. lost if the estate is over £2.2m)
- Claim made as per current transferable nil rate band.

EXTRA INHERITANCE TAX

AN ALTERNATIVE VIEW

YEAR	NRB/ RNRB	Value of 100% uplift of NRB/ RNRB	FTSE ALL-SHARE INDEX	VALUE OF GIFT OF NRB MADE IN 09/10 IF INVESTED IN FTSE-ASI	VALUE OUTSIDE THE DECEASED'S ESTATE
2009/10	£325,000	£325,000	2,964		
1ST MARCH 2023		£325,000	4,326	£474,342	+ £474,342

USE NIL RATE BAND PLANNING:

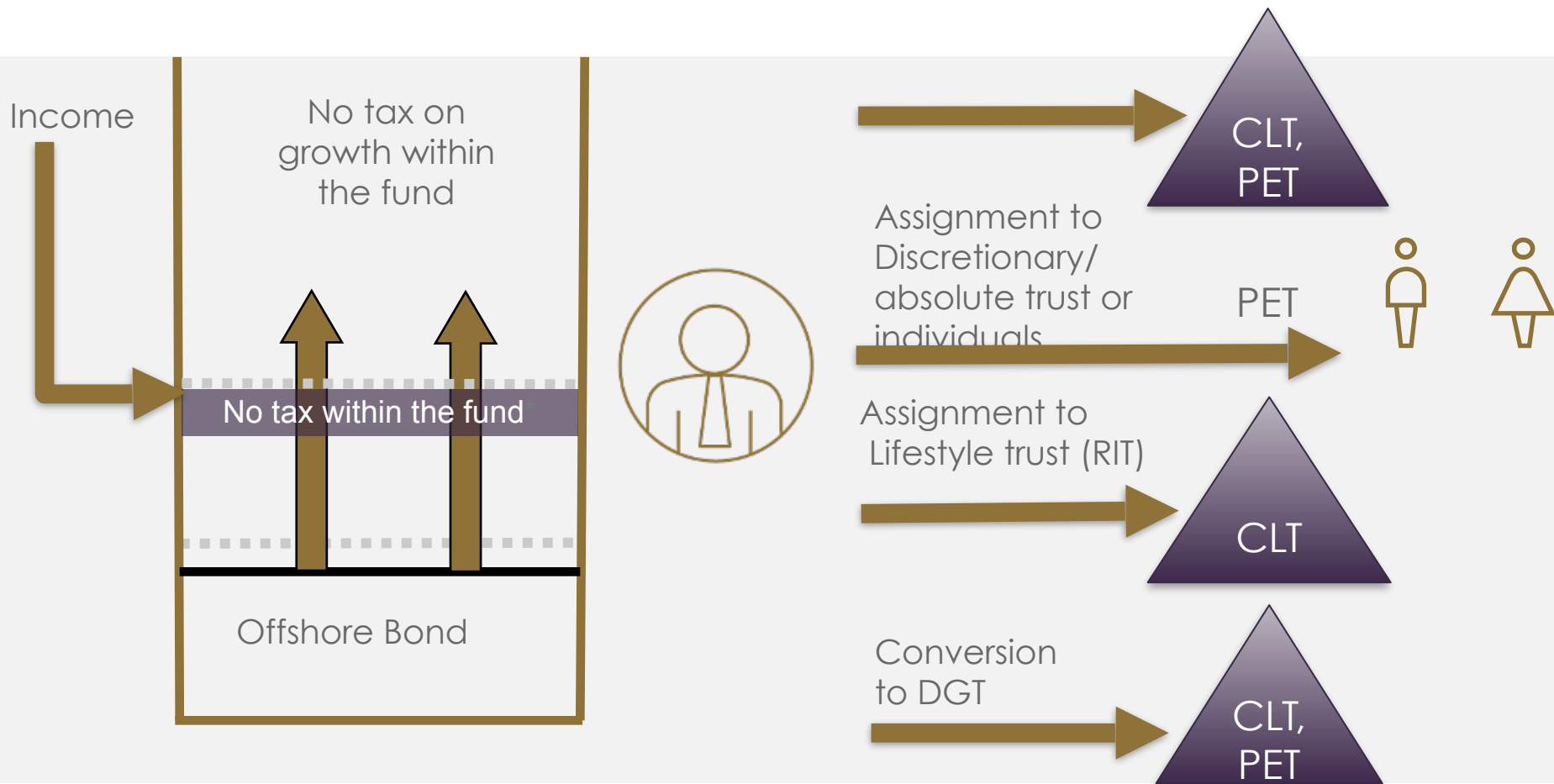
- A) DURING LIFETIME IF POSSIBLE
- B) ON THE FIRST DEATH IF POSSIBLE

IHT PLANNING

CLIENT TYPE/FEATURE	REASON
UK resident, non domiciled	May want to use an excluded property trust in future and cannot use UK based assets – an offshore bond is obviously a non-UK asset.
Potential tax efficiency	Offshore bonds sit very well within discretionary trusts, especially if longevity and legacy planning are important. No complex tax regime...
Capital redemption bonds	<p>Good fit with trusts – do not end on any life matching trustee perpetuity period (125 years)</p> <p>Can potentially be converted to Discounted Gift Trust with no chargeable event, therefore saving income tax on unnecessary encashment..... in order to save IHT!</p>
Risk Averse	Investment Bonds allow linked investments to a wide range OEICs, Investment Trusts and, provided there is no policyholder influence, equities. Portfolios can be constructed to be low(er) risk investments unlike investments needed to qualify for business relief
Possibility of future settlement into trusts – using life policy drafts	Can do so with no CGT complications on assignment of a bond.


UTMOST CAPITAL REDEMPTION BONDS

FUTURE PLANNING OPPORTUNITIES



BOND ADVANTAGES RECAP

- Capital redemption structure available – therefore no lives assured and no unplanned chargeable events.
- Open architecture investment - gilts/bond funds available with no ongoing tax liability.
- Offshore bond essentially grows tax free with exception of withholding tax on overseas dividends and interest.
- Portfolio can be rebalanced with no chargeable events.
- Ownership can be changed via assignment with no tax charge as long as not for money or money's worth – PET or CLT for UK inheritance tax.
- Gains subject to income tax and taxed as savings income with potential of realising gains tax free.
- Top slicing relief potentially available meaning gains may only be taxed at 20%.



POST APRIL 2023
PERSONAL TAX CHANGES
– THE CASE FOR BONDS
Q & A

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IMPORTANT INFORMATION

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Information regarding tax and practise is based on our interpretation of current legislation and HM Revenue & Customs policy/practice in the UK, Isle of Man and Ireland as at 22 March 2023. Tax treatment is subject to change and individual circumstances. There is therefore a risk that the value of the tax treatment provided by a bond may change.

International bonds are intended to be a medium (at least 5 years old) to long term (over 10 years) investment. The value of investments may fall as well as rise and is not guaranteed. Your client or their trustees may get back less than originally invested.

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