

UK CAPITAL GAINS TAX

This note relates to the tax implications for UK resident tax payers, in particular those with offshore structures.

THE RATES

For UK resident individuals the rate of Capital Gains Tax (CGT) is 18% for those who are not into the higher rate tax bracket.

The rate of CGT is 28% for higher rate taxpaying individuals, for all trusts, and estates of deceased persons.

Where gains of offshore trusts are attributed to UK beneficiaries who receive capital payments the rate of CGT payable by them will be at rates between 18% and 44.8% depending on the length of time which has elapsed between the trustees realising the gain and distributing it to UK resident beneficiaries.

UK RESIDENTS WITH ISLE OF MAN COMPANIES

Section 13 of the Taxation of Capital Gains Tax Act 1992 acts to impute any gain made by an Isle of Man company on any UK resident shareholder with more than a 25% shareholding in the company. This is complex legislation and if you are in any doubt about your position as a UK resident shareholder in an Isle of Man company you should take advice.

OTHER POINTS

The "Entrepreneurs' Relief" lifetime limit is currently £10m and the effective rate of CGT is 10% on qualifying gains.

If you would like to know more then please contact
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