THE LONDON PROPERTY COMPANY (TLPC)

PROPERTY MANAGEMENT COMPANY/SPV

REAL-ESTATE INTELLIGENCE UNIT (PVT) LTD
NO 58, GPD BUILDING, DHARMAPALA MAWATHA ROAD, KOLLUPITIYA
Phone : 0117 444 737 Fax – 0117 444 778
ROSHAN MADAWELA – 0722741305
EMAIL – roshan@riunit.com

THE LONDON PROPERTY COMPANY (TLPC)

PROPERTY MANAGEMENT COMPANY/SPV

MITIGATING UK PROPERY TAX

CAPITAL GAINS TAX

From the 6th of April 2013, rules have been gradually introduced which extend the scope of capital gains tax (CGT) to include non-UK resident taxpayers disposing of UK residential property. At its heart, this latest change is aimed at bringing the tax treatment of non-UK resident individuals in line with UK resident individuals, whether these individuals are investing directly or through another vehicle.

This new rule will mean that the sale of a UK property, which had not attracted any UK capital gains taxwould now incur a UK capital gains tax bill in the region of 28% on any gains made after April 6th 2015, depending on your personal circumstances.

INHERITANCE TAX

The 2015 budget also heralded in changes to inheritance tax (IHT) which is currently levied at a rate of 40% on the value of an estate above the tax-free threshold, which has been frozen at £325,000 per person since 2009. Married couples are entitled to double the allowance, passing on assets to their children or other relations worth up to £650,000 before a tax charge is triggered.

The new changes mean that the Government will add a “family home allowance”, eventually worth £175,000 per person, to the existing £325,000 tax free allowance from April 6, 2017. This will allow individuals to pass on assets worth up to £500,000, including a family home, without paying any IHT at all. For married couples and civil partners, the total is £1m. This additional allowance will be gradually withdrawn for estates worth more than £2m.

STAMP DUTY

Stamp Duty — Stamp Duty Land Tax (SDLT) — is a tax the buyer pays when they buy a home and it applies to both freehold and leasehold purchases over £125,000. Stamp duty used to be charged on the whole property price, so that it went up in big jumps. For example, if you bought a property for £250,000 you would have pay £2500 stamp duty; but if you bought a house costing just £1 more, you would tip into the next stamp duty bracket (what used to be 3%) and pay £7500 – a £5000 jump. This slab structure is gone now and from December 4, 2014 stamp duty is applied like income tax.

Stamp duty is now charged according to the scale below:

Purchase price of property	Stamp duty rate
Up to £125,000	Zero
Over £125,000 to £250,000	2%
Over £250,000 to £925,000	5%
Over £925,000 to £1.5 million	10%
Over £1.5 million	12%

REDUCING STAMP DUTY FEES EXAMPLE

Our expert solicitors have structures which on a cash purchase of a property can reduce stamp duty by up to 70%. For example using the cost price of a property that we are currently considering priced at £1, 750 000 million the stamp duty (using the above sliding scale) will be £123,759 calculated on an effective rate of 7% . However our system will ensure that you pay less than half of that amount calculated at £40,000 + VAT

SPV STRUCTURE

In order for you to own your UK property(s) portfolio in the most tax efficient and profitable manner will require us setting up an SPV structure for you - this entails two distinct components; (i) the creation, for the client, of a limited UK Registered Personal Management Company (PMC) registered as dormant and (ii) utilisation of an offshore Trust company t. This structure will mean that you will never AGAIN have to pay capital gains tax at approx. (30%) - neverAGAIN have to pay inheritance tax at 40% and never AGAIN have to pay tax on any income generated from rent (the tax on rent income ranges from 20-40% depending on how much rent your property is generating in income annually) - you also will never have to pay any tax on any shares or dividends.

The saving on the tax from rent generated or inheritance tax might not seem to be applicable to you immediately but the structure is in place for when you will need to use it. The good news is that you will only pay the set up charge once. In support of your SPV we have designed a number of dedicated servicesoffered through our one stop company formation (i.e. your PMC, dormant company and Offshore Trust) and business support services designed to help you set up and effectively manage your investment(s) on an ongoing basis.

This is achieved, in part, throughthecreation and support of a dedicated website with secure logins and emails for you the owner and us your management and administrative team. Finally we also provide you with a UK registered mailing address, from which we collect, collate and forward your mail to you in an efficient and timely manner. For a reasonable set up and annual service, admin and management fees you will be able to establish and run a profitable tax efficient professionalUK property portfolio through a dedicated UK registered company. For more detailed information on this process please continue to read below the section headed- ONESTOP - COMPANY FORMATION AND BUSINESS SUPPORT SERVICES

Once your SPV structure is in place to shelter your assets from all UK taxes you will only pay 16% of all cash that goes through the system, that we have put in place for you, andthis is made up of a 15% structuring & management fee - and 1% insurance and HMRC handling fee.

Important notice:

Insurance: The insurance through a leading Insurer removes any risk for you. The policy will pay back your fees if for some reason this bit of tax planning did not work for you or you were mis-sold the tax planning. The insurance is built into the fees. For cash you will pay 16% per transaction with 1% of that covering the insurance. For assets the Insurance fees are built into the one-time 15% fee on your equity. Naturally the Insurer assesses this tax planning method as a low risk. The insurance policy has now been in place for 22 years and is unchanged since it was first issued.

This method has been around for more than 20 years which shows that this works because HMRC would have challenged it in court had there been a case, but there has been no case to answer. Further, this method has been endorsed by one of the UK's leading Queens' Counsels whose opinion is also sought by HMRC.

For more details contact

ROSHAN MADAWELA - +9472241305

REAL-ESTATE INTELLIGENCE UNIT (PVT) LTD
NO 58, GPD BUILDING, DHARMAPALA MAWATHA ROAD, KOLLUPITIYA
Phone : 0117 444 737 Fax – 0117 444 778
ROSHAN MADAWELA – 0722741305
EMAIL – roshan@riunit.com