

● Autumn Statement

November 2011



The Autumn statement and the supporting documentation said very little about tax planning ideas and therefore we will continue to market all of our current tax planning strategies.

However, the draft Finance Bill will be published on 6 December and it may be that changes will be published then.

Following the announcement of the Finance Bill on 6th December a further communication will be published detailing anything that may affect current strategies.

See below for a summary of the key announcements which will affect our clients.

VAT

The Chancellor announced the Channel Islands will no longer have the benefit of the low value consignment VAT relief from 1 April 2012 and as a transitional measure the limit below which items are imported free of VAT was reduced from £18 to £15 with effect from 1 November 2011. However the existing reliefs for gifts (non-commercial consignments) will remain unchanged.

Corporation Tax

The main rate of corporation tax is to be reduced to 25% from 1 April 2012 and it is proposed it will be reduced to 23% from 1 April 2014. This trend of reducing the rate of corporation tax is creating tax planning opportunities for clients as income can now roll up with a low marginal rate of tax and can be extracted without withholding taxes. In view of the UK anti-avoidance legislation relating to the transfer of assets abroad, e.g. investment in non-UK resident companies, the use of UK resident companies may be useful going forward particularly if treaty relief applies.

Non-Doms and the Statutory Residency Test

No further information was announced on the proposed changes to the tax regime for Non-Doms and the proposed Statutory Residency Test. The consultation period on each matter has now closed and we expect the release of draft new legislation next year to take effect from 6 April 2012.

Should you have any queries concerning the points mentioned above or would like to discuss any other aspect of the Autumn Statement, please do not hesitate to contact us for specific advice.

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