



Understanding the basics of **Offshore Wealth Management**

Imperius Asset Management



The Basics of Offshore Wealth Management

...and why Imperius Asset Management exists

What we do

Wealth Management Consultants (WMCs) from Imperius Asset Management work with the Lead Generation Team in our partner organisation, Intelligent Back Office Solutions Ltd (iBOS) to find expatriate professionals throughout Europe with a view to developing and managing their wealth plans.

WMCs and our Lead Generation Team work together to initiate contact with prospects, and a WMC will meet with anyone who meets the basic criteria – i.e. is offshore and has the ability to invest in appropriate financial structures and products. WMCs are then supported by iBOS to provide the offshore products and services relevant to a particular client.

In the main, we receive our income from offshore institutions and providers who supply our client with products and services. We do not receive payments directly from clients, and growth received by clients is net of all charges.

Why Offshore Investment?

Tax is the driving force behind 'offshore', but for the great majority of well-off individuals considering offshore investment, tax is not directly an issue. They reside in high-tax areas such as the EU, the US, Canada or Japan, they pay their taxes, and if they make 'offshore' investments, it is in pursuit of higher returns, and without any intention to evade taxes in their home countries.

Some investors are outside the catchment of the high-tax areas, either because they live elsewhere, or because they are temporarily non-resident for work reasons. Such investors can often avoid having to pay taxes on their investments, whether on- or offshore, but that is due to the investor's circumstances, not the location of the investment.

o why might an 'offshore' investment be superior to an onshore investment? The first answer is because it is more lightly regulated, and the behaviour of the offshore investment provider, whether he is a banker, fund manager, trustee or stock-broker, has more options than he would in a more regulated environment. An 'onshore' regulator will immediately say, *'oh, of course, if it's unregulated, then it is riskier'*. Well, they would say that, wouldn't they?

The benefits of Less Regulation...

Regulation focuses on the avoidance of fraud (to protect investors from their own ignorance or cupidity), the avoidance of money-laundering (nothing to do with bona fide investors) and has prudential aspects, i.e. it tries to prevent investment managers from making risky investments that could lead to loss for investors.

The problem is that well-meaning regulations act as a strait-jacket for investment managers - they create an environment that is suitable for widows and orphans, as they used to be called, but one that is devoid of opportunities for the expert, or even for the moderately well-informed investor. Most people thinking about offshore investment are probably well above average in terms of their ability to avoid fraud, to understand markets, and to select superior investments. These people are ill-served by 'widow and orphan' regulation, and have to look outside their domestic markets for good returns.

This is not to say that good returns and risk can be wholly divorced. It's obvious that junk bonds are riskier investments than AAA Sovereign Debt, and hence have a higher coupon. It was equally obvious that Russian GKO's, yielding 100% a year, were a risky investment - but the banks which invested in them for five years knew that, and were not surprised when they lost their capital in 1998, even though they made a song and dance about it after the event.

Hedge funds have illustrated the benefits of investment freedom very clearly: initially they almost all chose offshore bases, mostly for regulatory reasons, and their high minimum investment levels will traditionally have deterred the most vulnerable types of investor. Most investors in such funds received returns of 20% or 30% a year for ten to fifteen years until recent years, when an explosion in the number of funds made it harder to make good profits from alternative strategies.

Hysterical accusations that hedge funds increase market volatility are far from the truth: if anything, the opposite is the case. It is the dramatic increase in global liquidity that has increased the apparent size of swings. Hedge funds and derivatives tend to dampen volatility, not increase it. It is also far from the truth to say that 'onshore = safe' and 'offshore = risky'. Many offshore jurisdictions have high-quality regulatory regimes that quite clearly separate the risky goats from the safe sheep, without constraining investor choice.



The Benefits of Lower Taxation

This might seem an oxymoron, but the point is to examine the advantages for an investment manager and for investments themselves of being based in a low-tax area.

All jurisdictions, whether they tax low or high, give some tax advantages to certain preferred types of investment, usually starting with government's own bonds, which are often tax-exempt (why else would anyone buy them?). In high-tax countries, most of these exemptions apply only for small investments, and seldom to high-return investments. Pension investment might seem to be an exception for the investor, but it isn't really because the tax is only being deferred, not escaped. Established tax exemptions for pension fund managers in high-tax areas are under attack in some countries, notably in the UK.

As a generalisation, investment managers in low-tax areas have a considerable tax advantage over their colleagues in high-tax areas, which is eventually reflected in better returns for the investor. Offshore jurisdictions which have good double-tax treaty networks (surprisingly, there are quite a few) are often able to receive investment income even from high-tax countries without the imposition of withholding tax, and usually offer tax-exempt or tax-reduced local regimes, so that the final investor has access to gains in a fund or an investment with little or no intervening taxation.

It is obvious that a fund which pays a composite rate of 10% tax on its profits will grow much more quickly than one which pays 20% tax on its profits, and differentials on this scale are easy to achieve just as a result of picking a low-tax base as against a high-tax base.

At a more basic level, bank interest has traditionally almost never been subject to withholding taxation in offshore jurisdictions. However, the EU Savings Tax Directive, introduced in 2005, has meant that savings interest received in any of the signatory countries is subject to a withholding tax, or to information exchange, in order to ensure that it is taxed in the EU resident's home country.

The European Savings Tax Directive notwithstanding, however, a roll-up money market fund is going to grow more quickly offshore than in a country which imposes 30% corporation tax on its gains. Of course, if you are resident in a high-tax area, the taxman will eventually catch up with the gains, but it may be at a much lower rate of Capital Gains Tax - or you may have retired and emigrated by then!

Asset Protection as a Goal of Alternative Investment

Anyone with a reasonably substantial net worth may benefit from offshore asset protection, and this financial management strategy will be of particular interest to those working in professions where there is a high risk of litigation, for example doctors, lawyers, business owners, and financial planners, to name but a few. There are increasing numbers of lawsuits being brought (particularly in the US), in which the defendant is being targeted not necessarily because of his culpability in the case, but because of his ability to pay. Individuals in the above high risk groups with savings or significant assets could well fall in this 'deep pocket' category, and risk losing everything if there are not proper protection measures in place.

As an example, let's say a patient was prescribed drugs which could cause drowsiness, was warned not to drive, but did and crashed the car, causing serious injury to another party. Now if the patient in question has substantial unprotected wealth or good insurance, they will undoubtedly be the ones sued by the injured party.

However, if they either don't have any money or anything worth taking, or they have, but have had the good sense to protect it, or make recovering it an unattractive prospect, guess who gets sued? That's right, the doctor, who despite having warned his patient of the dangers, should have known that he might have driven while under the influence and cause serious injury, and therefore should not have prescribed the drugs.

In cases such as this, it isn't about who is to blame, but who can pay the most, and if your assets are obvious and easily reachable, you are pretty much a sitting duck.

And it isn't just doctors that are at risk from this type of thing. Anyone in the professions mentioned above, or simply anyone with substantial net worth, could find themselves liable in a frivolous lawsuit or one which has nothing to do with them.

Although professionals of many kinds are obliged to have liability insurance, this is becoming more and more expensive due to the increase in litigation and the rising level of damage awards - and in any case, may not cover the full size of an award, particularly in the USA. Therefore, it is increasingly important to consider putting in place some additional asset protection measure.



Asset protection strategies basically work by making the assets of an individual unavailable, or difficult to recover, (and hence potentially more unattractive) in the event of legal proceedings being taken against them by employees, clients, patients, litigious family members or other creditors.

Protection of assets can take a number of forms, and while there are many domestic alternatives, including living trusts, limited liability partnerships and companies, and family limited partnerships, offshore vehicles are usually more effective for this purpose. The trust is the lynch-pin of offshore asset protection; although offshore bank accounts on their own can provide enhanced privacy and confidentiality, they are usually an integral part of an asset protection strategy.

Banking secrecy laws in offshore jurisdictions are usually significantly stricter than domestic laws, unless criminal activity or money laundering is suspected, although various initiatives undertaken in recent years by the Financial Action Task Force (FATF), Organisation for Economic Cooperation and Development (OECD), and European Union (EU) have combined to put something of a dent in banking secrecy worldwide.

Banking secrecy legislation varies from country to country, so you will obviously have to check the situation in each jurisdiction before taking knowing the levels of protection available.

Offshore trusts and companies can be used separately or together for asset protection purposes (usually in conjunction with an offshore bank account). In a trust arrangement, the Settlor (the person who transfers assets to the trust) legally gives over control of his assets to a trustee (or trustees), who manages and controls them for the benefit of a beneficiary or beneficiaries (of which the Settlor can be one). Although the Settlor will usually provide a letter of wishes, detailing how he would like the money to be managed, and distributed, the trustee/s have legal control over the assets.

Although trusts could once be used in order to 'break the link' between an individual and his assets, this is less the case in recent times, as high tax countries have had time to develop legislation forcing at least some degree of transparency onto trust arrangements. However, recent legislative developments in many offshore jurisdictions have significantly improved on the original English trust law model, providing effective defences against forced heirship provisions, and in many cases, imposing a time limit on creditors' claims. Many offshore jurisdictions, like some US states, also now have 'spendthrift' trust legislation under which trustees can disregard requests by or on behalf of a Settlor.

If an individual sets up a bare offshore company (usually an International Business Company or IBC) to hold his assets, he will normally be a shareholder in that company and vulnerable to Court action. However, in many offshore jurisdictions, the lawyer establishing an IBC (or indeed a trust) on behalf of an individual is not obliged to name the eventual beneficiary, and for this reason, an offshore company can still go a long way towards providing privacy and asset protection - after all, your creditors first have to find your company before they can sue it. The flaw in this line of reasoning is that you are obliged to disclose the existence of such assets to the tax authority, and once it's on your tax return, the whole world knows about it. Plenty of pressure has also been exerted on offshore jurisdictions to put in place 'know-your-customer' and mandatory registration rules. So the trust survives, and even prospers as the instrument of choice for asset protection in many cases.

In order to ensure effective offshore asset protection, then, you need to establish the structure in a jurisdiction with effective IBC privacy legislation, strong banking secrecy laws, and modern trust legislation.

Asset protection however is not something that should be attempted when legal proceedings are imminent, or already underway, as any attempt to transfer assets under these circumstances would be considered a fraudulent transfer, which is illegal, and would provide no protection against creditors whatsoever. However, a well-structured asset protection strategy, set in place ahead of time could prove a very effective tool in protecting both wealth and privacy.

Who Can Benefit From Offshore Investment?

Anyone can benefit from the often greater returns to be derived from offshore investments, simply by choosing to invest offshore rather than onshore. But to benefit from the low individual taxation regimes available offshore, one of two things has to be true: either the individual must have residence offshore, or, for a resident in a high-tax area, there must be an effective offshore structure which to some extent distances offshore gains from the onshore tax net.

Offshore structures to break the link between a tax-payer in a high-tax jurisdiction and his gains in a low-tax jurisdiction has traditionally boiled down in most cases to trusts. There are corporate structures that can be used, but by and large they are only suitable for real business situations.



Trusts, which are based in 600-year old English common law, have been in common use for offshore asset protection for nearly 100 years. Unfortunately, the high-tax countries have therefore had plenty of time to defend themselves against trusts, and by now their usefulness has been severely compromised for the residents of many high-tax countries.

How much money is needed for offshore investment?

There is no absolute low limit, but the extra costs of taking advice, opening new bank accounts, phone communication at a distance, etc, mean that offshore investment is unlikely to be worthwhile for less than say €50,000 for a lump sum investment, or €500 per month for a regular savings plan. Still, costs are coming down all the time because of the Internet. Offshore banks will often take deposits as low as €1,000, but for a personalised 'private banking' service, a client will need to deposit €100,000 or more.

If a client needs to create an offshore structure, should it be more than one offshore centre?

Different jurisdictions have different advantages. Depending on the agenda, you may find it useful to use two, three, four, or even five different jurisdictions in your offshore structure. Using two or three jurisdictions in an average offshore structure is very common for substantial offshore investors - one for the corporations, one for the trust, and one for the bank account. This three-level arrangement allows your offshore structure to take advantage of the best laws of each country and provides the maximum level of privacy.

Is it easy to dissolve an offshore structure?

Most offshore structures can be revoked or dissolved very easily. Either the corporate documents or the offshore jurisdiction's corporate or trust laws should specify the dissolution procedure. Dissolving a trust usually costs no more than a small filing fee or a few hours of a lawyer's time. If it would be costly to dissolve a given structure, you can simply remove all the assets from the structure, so it has zero value. You can then leave the empty structure to be stricken from the jurisdiction's register - a cost-effective way to eliminate it. Obviously it would be wise to check dissolution procedures before entering into any offshore engagements.

What is a trust?

A trust works by taking assets out of the ownership of the person establishing ('settling') the trust and putting them into the hands of a trustee. An offshore trust is simply one based in an offshore jurisdiction and its profits are usually not taxable there. The trustee normally follows the wishes of the Settlor. Trusts, which are based in 600-year old English common law, have been in common use for offshore asset protection for nearly 100 years. Unfortunately, the high-tax countries have therefore had plenty of time to defend themselves against trusts, and by now their usefulness has been severely compromised for the residents of many high-tax countries.

What is an asset protection trust?

A trust designed to accomplish a number of estate planning goals of its Settlor, before and after death, including planning for the preservation of the Settlor's estate from a variety of risks which would threaten to dissipate the estate if one or more of the risks materialised. An APT is typically established in a jurisdiction other than the Settlor's home country .

Why are investments regulated more than other types of purchase?

Regulation covers the avoidance of fraud (to protect investors from their own ignorance or cupidity), the avoidance of money-laundering (nothing to do with bona fide investors) and has prudential aspects, i.e. it tries to prevent investment managers from making risky investments that could lead to loss for investors. Regulators believe that people's savings are so important they must be given special protection.

What is money-laundering?

The conversion of 'illegal' money into 'legal' money. Thus, a drug-runner who walks into a Caribbean bank with \$1m, opens an account, and the next day transfers the money into a Swiss bank account where he invests it into Nestle shares has 'laundered' the money successfully. Nowadays banks are much more careful about accepting large sums of unaccountable cash



Is it legal for clients to make offshore investments?

This depends first on where they live. Many countries, including the US, Canada, the UK, France and some other EU countries, make it illegal for offshore investment providers to advertise their products domestically. Despite this, generally speaking, it is not illegal for clients to make offshore investments (although the US is particularly restrictive). It is always wise to check a client's rights carefully before embarking on offshore investment. It is illegal in almost all jurisdictions for clients not to declare the income or gains from offshore investments to their local tax authorities, and in those very few countries with remaining capital controls, to the monetary authority.

What is meant by the terms 'domicile' and 'resident'?

'Domicile' normally relates to the country or state which an individual regards as their permanent/ultimate home location. A person's domicile is established at birth and this remains until an individual resettles with the firm intention of remaining in that new location.

'Residence' is normally determined by an individual's status at a particular time. The rules vary from country to country, but in many cases presence in a country for more than 183 days in any one year is enough to constitute residence for tax purposes.

What is withholding tax?

When a dividend (or royalties or interest) is paid internationally, the country from which the payment is made usually taxes the payment as it leaves, by 'withholding' a proportion of it, usually between 10% and 30%. If there is a double tax treaty between the two countries concerned, it is often possible to reduce the tax, or to reclaim some or all of the money. Some receiving countries allow the withheld tax to be set off against domestic tax liabilities.

What is an Offshore Bond?

'bond' is the colloquial name for a single, premium, whole of life assurance policy. 'Single premium' means that the investment is started with a lump sum, but it is usually possible to add to the investment at a later date. An 'assurance policy' is a contract between a life assurance company and a person, where the company provides a payment of a certain amount of money on the death of a 'life assured'.

The bond is considered 'offshore' if it is a policy written in a jurisdiction other than the one in which the policy holder is resident. For example, a UK resident investor cannot hold an offshore bond that is provided by a UK resident assurance company. He can, however, hold one that is issued by a company resident outside of the UK.

Offshore Bonds are known by other names, such as 'Offshore Investment Bonds' and 'Offshore Portfolio Bonds'.

How does an Offshore Bond provide an efficient form of investment?

One of the features of a bond is the policyholder's right to surrender it, wholly or in part, at any time. This means that the value of the policy can be readily realised. The second important feature is that its surrender value is directly linked to the value of an investment fund which can be either an internal fund of the assurance company or funds selected by the policyholder and his Advisor.

Additionally, the policyholder can change (wholly or partially) the investment funds to which the policy is linked. This is colloquially known as 'switching'. A 'switch' does not trigger a capital gains tax disposal.

The combination of these three policy features means that an offshore bond is an investment tool akin to a unit trust, investment trust, share portfolio or deposit account. One 'peculiarity' of an offshore bond is that it does not produce income – a feature of most other investments. This is because a policy is a contract and contracts don't produce income! This particular feature is a huge advantage when the taxation of offshore bonds is considered.

How are Offshore Bonds viewed by UK tax authorities?

The United Kingdom tax code recognises the reality of offshore investment and contains many provisions for dealing with the taxation of income from sources outside the United Kingdom. Therefore there is no tax stigma attached to the use of 'offshore' bonds by a UK resident investor – they are tried and tested legitimate investment vehicles.



What are the investment options within an Investment Bond?

A personal portfolio bond is a policy that allows the policyholder to select the assets linked to the policy beyond the collective level. In other words, the policyholder is not restricted in asset selection to internal insurance company funds, units in unit trusts, shares in open-ended investment companies (OEICs), shares in investment trusts and certain other collective investment schemes. Use of a portfolio bond structure allows the policyholder (and his/her advisers) access to a very wide spectrum of investment choices.

What tax is payable on an Investment Bond?

Tax is charged on the profit on the Investment Bond. Profit is calculated as the proceeds from the Bond, less the premiums paid in.

Who is liable for the tax on an Investment Bond?

1. Where the bond is in the beneficial ownership of an individual, or held by a non-charitable trust which that individual created, the individual is liable for the tax.
2. Where the bond is held by trustees who are UK resident and the Settlor is dead or non-resident, the UK resident trustees are liable (at a rate of 40%).
3. Where the policy is held by trustees who are non-UK resident and the Settlor cannot be liable under 1. above, UK resident beneficiaries are liable to the extent that they benefit.

What are the Chargeable Events within a Portfolio Bond Investment leading to tax arising?

Because they are contracts and don't produce income, offshore bonds have their own special taxation regime. An income tax charge arises only on the occurrence of a chargeable event. There are five chargeable events affecting an offshore bond:

1. The death of a life assured giving rise to benefits under the bond;
2. The surrender of all the rights under the bond;
3. The assignment of all the rights under the bond for money or worth;
4. Part-surrenders in a year in excess of cumulative 5% of the bond premium;
5. The maturity of the bond.

What do the chargeable event rules mean in practice?

Until a chargeable event takes place, a UK resident policyholder has no personal tax liability in respect of his/her ownership of the policy.

This offers an offshore bond a two-pronged tax deferral:

1. At policy level (because the OoM does not levy tax on the policy fund);
2. At policyholder level (there is no tax charge until a chargeable event).

The ability to take up to 5% of the premium each policy year (on a cumulative basis) is an added deferral opportunity. The policyholder can receive value from the policy without triggering an immediate tax charge – the charge is deferred until a chargeable event occurs.

There are two other tax features of an offshore bond which could prove useful for tax planners – top-slicing relief and time-apportionment relief.

What is 'Top Slicing'?

The gain (or profit) on a life assurance policy (i.e. investment bond) accrues over the full term of the policy in line with the growth in value of the linked investments. However the gain is taxed in a single year – usually the year in which it is fully surrendered. Value which has been accruing within the policy whilst the policyholder was a basic rate taxpayer could be effectively taxed at the higher rate.

The tax code recognises that it would be rather unfair to treat the total gain as the policyholder's income for a single year where that gain pushes him/her into the higher rate tax band.

A process, colloquially known as 'top-slicing', gives a measure of relief in such situations. Top-slicing is an attempt to average the rate of tax on policy gain over the full period of ownership.

There are two aspects to the relief:

- (a) Calculating the proportion of the gain to be subjected to tax; and
- (b) Calculating the tax on that proportion.

The policy gain is always divided by the number of complete years from commencement of the policy.



Clare invested £50,000 in an offshore bond in May 2000 and fully surrendered it in January 2006. Her surrender proceeds were £65,000.

Clare's salary for 2005-2006 was £35,000. She had no other income or gains.

The personal allowance for 2005-2006 is £4,895. The first £2,090 of taxable income suffers tax at a rate of 10%. The next £30,310 is taxed at 22%. The higher rate threshold is £32,400.

The top-sliced gain is $(£65,000 - £50,000) \div 5 = £3,000$.

The tax on the policy gain and the top-slicing relief can be calculated by following the above steps:

1. Clare's total liability including the top-sliced gain is £7,159.20
2. Clare's total liability excluding the top-sliced gain is £6,372.30
3. $1. - 2. = £786.90$
4. The liability in respect of the policy gain is thus $£786.90 \times 5 = £3,934.50$
The effective rate of tax on the policy gain is $(£3,934.50 \div £15,000) \times 100 = 26.23\%$
The value of the tax saved by claiming the relief in this example is £1,652.40.

Top-slicing relief is available to individuals only – it does not apply where a company or trustees are taxed in respect of the policy gain. The policy gain deemed to arise annually on personal portfolio bonds cannot be top-sliced.

Top-slicing relief is available only where the gain pushes the policyholder's liability across the basic rate / higher rate boundary. Relief is not available where a gain pushes the policyholder's liability across other tax rate boundaries e.g. from 0% to 10% or from 10% to 22%.

The full gain, and not the top-sliced gain, is taken into account in determining the availability of age-related personal tax allowances.

The number of complete years used in the calculation is reduced by the number of complete years for which the policyholder was non-UK resident.

What is 'Time-apportionment Relief'?

Whilst an expatriate (expat) is resident outside the UK, the offshore bond continues to grow in value without the hindrance of a UK tax charge on the underlying life fund - the gross roll-up effect.

Although the expat is not UK resident for tax purposes, he/she will probably be resident somewhere. The expat needs to examine the tax laws of the country of 'temporary' residence to ensure that there is no tax liability there in respect of the bond. Some countries tax the holder of a bond on its annual growth (e.g. USA, Australia, New Zealand); some only impose a tax charge when there are withdrawals; whilst some impose no tax charge on profits whether withdrawn or not. It should be remembered that the 5% rule is unique to the UK!

Expats are automatically entitled to time-apportionment relief.

Alan bought a bond for £100,000 and he moved to Bahrain on a three-year contract one year later. Alan returned to the UK and one year later surrendered the policy for £150,000. The taxable gain is:

$(£150,000 - £100,000) \times 2/5 = £20,000$. The policy gain is restricted to the period of UK residence.

(Strictly speaking, time-apportionment is calculated on a daily basis but this example is included to illustrate the basic principle.)

The reduction is not available if at any time during the policy's existence it was owned by:

- a non-UK resident trustee
- non-UK resident trustees
- a foreign institution

The first category deals with the situation where there is a single trustee. The second covers the situation here there is more than one trustee and brings into play special rules to determine where trustees are resident. The third covers ownership by foreign companies and other foreign legal entities with no UK equivalent.



What are the tax liabilities if an Investment Bond suffers a loss?

There is no tax relief for an investment loss on a bond. A measure of relief may be available where there has been a previous chargeable gain on the policy whilst it was in the ownership of the same policyholder.

Is an Offshore Investment Bond Suitable for my client?

How can the features of an offshore bond be used to meet your clients' financial objectives?

The Internationally Mobile Client

Consider:

1. The benefits of time-apportionment relief giving an exemption from UK tax on the investment gain accruing whilst the policyholder is non-resident.
2. The benefits of an investment fund which does not suffer domestic Isle of Man (or other offshore centre) tax.
3. The absence of a policyholder tax charge until a chargeable event occurs.
4. The possibility of top-slicing relief should a chargeable event occur whilst the policyholder is a UK tax resident.
5. The possibility of securing a tax-free encashment should the bond be surrendered whilst the policyholder is resident in a jurisdiction which does not have tax offshore bond gains.
6. The possibility of securing a low tax charge should the bond be surrendered whilst the policyholder is resident in a jurisdiction which gives a measure of tax relief on offshore bond gains.
7. The possibility of using the bond, in conjunction with a suitable trust, as part of an inheritance tax planning strategy.
8. The ability to change investment strategy without a capital gains tax charge.

The Resident Non-Domicile

Consider:

1. The absence of a policyholder tax charge until a chargeable event occurs.
2. The benefits of an investment fund which does not suffer domestic Isle of Man tax.
3. The ability to take part-surrenders of the bond within a cumulative 5% of the premium each policy year without triggering an immediate tax charge.
4. The possibility of securing a tax-free encashment should the bond be surrendered whilst the policyholder is resident in a jurisdiction which does not tax offshore bond gains.
5. The possibility of securing a low tax charge should the bond be surrendered whilst the policyholder is resident in a jurisdiction which gives a measure of tax relief on offshore bond gains.
6. The bond's status as a non-UK asset in an 'excluded property trust' arrangement, which could be used as part of an inheritance tax planning strategy.
7. The ability to change investment strategy without a capital gains tax charge.

The (Potential) Retiree

Consider:

1. The absence of a policyholder tax charge until a chargeable event occurs.
2. The benefits of an investment fund which does not suffer domestic Isle of Man tax.
3. The possibility of top-slicing relief should a chargeable event occur whilst the policyholder is a UK tax resident.
4. The ability to take part-surrenders of the bond within a cumulative 5% of the premium each policy year without triggering an immediate tax charge.
5. The possibility of using the bond, with a suitable trust, as part of an inheritance tax planning strategy.
6. The ability to select the time at which a tax charge arises.
7. The ability to change investment strategy without a capital gains tax charge.



The Company

Consider:

1. The benefits of an investment fund which does not suffer domestic Isle of Man tax.
2. The absence of a policyholder tax charge until a chargeable event occurs.
3. The ability to take part-surrenders of the bond within a cumulative 5% of the premium each policy year without triggering an immediate tax charge.
4. The ability to select the time at which a tax charge arises.

The Trustee

Consider:

1. The benefits of an investment fund which does not suffer domestic Isle of Man tax.
2. The absence of a policyholder tax charge until a chargeable event occurs.
3. The ability to take part-surrenders of the bond within a cumulative 5% of the premium each policy year without triggering an immediate tax charge.
4. The ability to select the time at which a tax charge arises.
5. The possibility of assigning (transferring) a bond to a beneficiary without triggering a tax charge.
6. The ability to change the trust's investment strategy without a capital gains tax charge.

The High Net Worth Individual

Consider:

1. The benefits of an investment fund which does not suffer domestic Isle of Man tax.
2. The absence of a policyholder tax charge until a chargeable event occurs.
3. The ability to take part-surrenders of the bond within a cumulative 5% of the premium each policy year without triggering an immediate tax charge.
4. The ability to select the time at which a tax charge arises.
5. The ability to change investment strategy without a capital gains tax charge.
6. The possibility of using the bond, with a suitable trust, as part of an inheritance tax planning strategy.

The Resident Non-Domicile

Consider:

1. The absence of a policyholder tax charge until a chargeable event occurs.
2. The benefits of an investment fund which does not suffer domestic Isle of Man tax.
3. The ability to take part-surrenders of the bond within a cumulative 5% of the premium each policy year without triggering an immediate tax charge.
4. The possibility of securing a tax-free encashment should the bond be surrendered whilst the policyholder is resident in a jurisdiction which does not tax offshore bond gains.
5. The possibility of securing a low tax charge should the bond be surrendered whilst the policyholder is resident in a jurisdiction which gives a measure of tax relief on offshore bond gains.
6. The bond's status as a non-UK asset in an 'excluded property trust' arrangement, which could be used as part of an inheritance tax planning strategy.
7. The ability to change investment strategy without a capital gains tax charge.

The (Potential) Retiree

Consider:

1. The absence of a policyholder tax charge until a chargeable event occurs.
2. The benefits of an investment fund which does not suffer domestic Isle of Man tax.
3. The possibility of top-slicing relief should a chargeable event occur whilst the policyholder is a UK tax resident.
4. The ability to take part-surrenders of the bond within a cumulative 5% of the premium each policy year without triggering an immediate tax charge.
5. The possibility of using the bond, with a suitable trust, as part of an inheritance tax planning strategy.
6. The ability to select the time at which a tax charge arises.
7. The ability to change investment strategy without a capital gains tax charge.



Uncommon Integrity.

For further information or an informal talk about becoming a Wealth Management Consultant, please phone Stephen Iacovou on +44 7872 46 36 90



Imperius Asset Management is a founding member of the Federation of European Independent Financial Advisors



Professional and effective services provided to Imperius Asset Management by Intelligent Back Office Solutions Ltd



www.ImperiusAM.com
recruit@ImperiusAM.com