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The Name's Bond, Offshore Bond ...

People with money abroad in excess of their banking needs can avoid the necessity to report interest by placing their funds in an offshore Investment Bond. The Financial Times has reported that this arrangement is proving popular.

Like on-shore bonds, off-shore bonds permit the return on the cash or other investments held in the bond to be rolled-up and capital to be withdrawn at the rate of up to 5% a year without any immediate tax liability. Tax only becomes payable if the investment is encashed, if more than 5% p.a. is withdrawn, or if the last person on whose life the bond was written dies.

This means that the investor is usually able to choose when to be taxed, and will normally choose a time when they are in a lower rate tax band or may have become non-resident (in which case no UK tax may be payable). Meanwhile, because the providers of these bonds are based in tax havens, no tax will be paid on income and gains received within the bond.

A further advantage is that until tax becomes payable there is no requirement for the investor to render a UK tax return; and when a return is required the procedure is greatly simplified because the insurance company will send a certificate to the policy-owner detailing the relevant figures, and will usually also send a copy to the UK Revenue.

If you have any queries you can phone or email Glenn Smyth or Rod Smith on glennsmyth@boltburdon.co.uk or rodsmith@boltburdon.co.uk or phone 020 7288 4700. Our full range of services includes Financial Planning, Trusts Wills & Probate, Property, Matrimonial and Family Law, Commercial Law, Commercial Dispute Resolution Debt Collection, Compensation Claim Litigation. Visit our web site at www.boltburdon.co.uk. To stop receiving this bulletin, reply stating 'unsubscribe'.