



Crowe Clark Whitehill LLC™

## 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%/28%. Gains are aggregated with the individual's taxable income, and to the extent that the aggregate falls above the threshold of the income tax basic rate, capital gains tax is charged at 28%, taking the chargeable gains as being the highest part of that aggregate. If the aggregate falls below the threshold the capital gains tax rate remains at 18%.

For Trustees and Personal Representatives the rate of capital gains tax is 28%.

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%. The maximum rate of 44.8% will apply where the beneficiary is a higher rate taxpayer and the capital payment from the trust is "matched" with gains which were realised by the trustees 6 or more years earlier.

### 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**

**Pam Harvey : [pam.harvey@crowe.im](mailto:pam.harvey@crowe.im) John Cowan : [john.cowan@crowe.im](mailto:john.cowan@crowe.im)**

**or Elaine Rudge : [elaine.rudge@crowe.im](mailto:elaine.rudge@crowe.im)**

**Crowe Clark Whitehill LLC, 6<sup>th</sup> Floor, Victory House, Prospect Hill, Douglas IM1 1EQ**

**Tel: 01624 627335; Fax: 01624 677225; Web: [www.crowe.im](http://www.crowe.im)**

*Crowe Clark Whitehill LLC does not accept any liability for any action taken or not taken on the basis of this Note. Crowe Clark Whitehill is a registered Business Name of Crowe Clark Whitehill LLC. Crowe Clark Whitehill LLC is a Limited Liability Company registered in the Isle of Man No. 719L.*