



NEWHAVEN TRUST COMPANY (CHANNEL ISLANDS) LIMITED

UK BUDGET IMPACTS NON DOMICILIARIES

Although watered down, compared to the initial proposals, the announcements made by the UK Chancellor on the 12th March will still have considerable impact on Non Domiciled UK Residents.

In brief:

- A new £30,000 per annum charge for individuals who have been resident for seven or more out of the last ten years and who wish to continue being taxed on the “remittance” basis. Otherwise taxation on worldwide income and capital gains subject to exemptions where unremitted foreign income and gains are less than £2,000 or where the taxpayer is under 18 years of age.
- For the purpose of residency tests physical presence in the UK at midnight (except when strictly in transit) will be counted as a complete day present in the UK.
- The closure of “loopholes” which previously allowed income sources to be converted into capital over a period of time.
- Much tighter rules for the remittance of chattels.
- Ending advantages of offshore mortgages secured against UK real estate (other than existing mortgages in respect of residential property).
- Modifications to the tax regime as it relates to offshore trusts though considerable concessions have been made in this area compared to the original plans.
- Changes to the tax regime for offshore companies.

In an attempt to pacify the Non Dom community, the Chancellor has promised that there will be no further changes to the taxation of UK resident non domiciliaries during this, or the next, Parliament. Whether this (and the concessions he has already made compared with his earlier announcements) is enough to assure people who have clearly been shocked and angered by the whole affair is still to be seen. Many believe that confidence in the UK Government and in the City of London has been permanently damaged.

Newhaven has considerable experience in assisting clients in properly structuring their affairs at the time of relocation and whether this be a move to, or from, the UK, Europe, Asia or North America. For more information please contact Keith Betts or Michelle Brouard.

THE TRUSTS (GUERNSEY) LAW 2007

For nearly 50 years Guernsey has hosted a fiduciary sector providing estate planning solutions to international clients. In recent times Guernsey has materially enhanced the suite of products available to the tax and estate planner.

The Island pioneered the Protected Cell Company. Incorporated Cell Companies followed and both represent valuable wealth management tools. An Intellectual Property office was opened in 2006 and I.P. related legislation continues to be introduced to ensure this asset class can be effectively handled.

The Channel Islands Stock Exchange (C.I.S.X.) continues to be a notable success with over 2,000 listings and plays its full part in more sophisticated estate planning exercises and in meeting the needs of family offices. Company law has been reviewed and automation of the Company Registry is ongoing.

Key to effective solutions is the prevailing trust law. The Trusts (Guernsey) Law 2007 has recently been enacted and represents a thorough review and modernisation in this important area. Major changes from the previous law include the ability to:-

- Create Purpose trusts
- Reserve or grant powers to a Settlor or third party

- Form perpetual trusts.
 - Clarify beneficiaries rights to information
- The law also provides reasonable protection to retiring trustees without the need for chain indemnities, it revises the limitation period for actions alleging breach of trust, confirms that trusts can be vested over Guernsey land and abolishes the personal liability of directors of corporate trustees which potentially could arise

The working party responsible for the 2007 law has additionally paved the way for the future introduction of Foundations. This important development will increase Guernsey's appeal to clients from civil code jurisdictions. Added to the fact that Guernsey has recently appointed a representative in China to "spread the word" about Guernsey's financial sector it further emphasises the globalisation of the Islands appeal and client base.

ENQUIRIES

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Newhaven Trust Company (Channel Islands) Limited, incorporated in Guernsey, is licensed to conduct business under the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) law 2000 and is regulated by the Guernsey Financial Services Commission.

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www.newhaventrust.net