



5th April restructuring: Was it all for nothing?

April 2017

There has been a major u-turn in the UK Government's plans to implement new legislation which would have (if implemented) affected:

- The tax treatment of UK resident non-doms
- UK non-doms who own UK residential property through offshore structures
- The treatment of loans used to buy UK residential property
- The taxation of offshore trusts more generally

We, along with the majority of our clients, have just come out of one of the busiest lead ups to 5th April since the lead up to the implementation of the Finance Act 2008. However, it has been announced this week that those changes will now **not** feature in the 2017 Finance Bill.

What does this mean? Was the restructuring a complete waste of time?

We are unfortunately left in a position of uncertainty. We do not know whether these changes will be reintroduced in a later finance bill following the election. If they are, we cannot discount the possibility of the changes having retrospective effect and therefore coming into force as of 6th April 2017.

If this is the case, then the mass restructuring that has just occurred will not have been 'for nothing'! However, if the changes are not reintroduced (or at least have the same scope), then unfortunately the restructuring will arguably have been an unnecessary and costly exercise.

For those who missed the 5th April deadline, this could be an opportunity to restructure if the changes are reintroduced with the intention of having effect from 6th April 2018.

For the time being though, we would recommend taking appropriate tax advice before undertaking any restructuring until such time as the new UK government has been elected and made its intentions clear.

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