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Client Briefing

INHERITANCE TAX ON OFFSHORE STRUCTURES HOLDING UK RESIDENTIAL PROPERTY

Prior to 6 April 2017, a non-domiciled individual was able to shelter UK residential property from inheritance tax via an offshore company or trust structure.

However, on 6 April 2017 the government introduced new legislation stating that this will no longer be possible, bringing the structures within the scope of inheritance tax.

For an overview of the changes introduced on 6 April, please refer to our previous briefing on the Autumn Statement which you can find [here](#)

Transferring property out of structures

UK residential property held within trusts or offshore companies is now treated as 'relevant property' and falls within the scope of UK inheritance tax. In response to this change, non-domiciled individuals have been reviewing their structures and in some cases transferring their UK residential property into new structures to save tax.

Such transfers can attract Stamp Duty Land Tax as well as Capital Gains Tax. There are also potential inheritance tax exit charges when relevant property is transferred out of trusts. Therefore, careful planning is required to try and mitigate these taxes.

Time to act

Whilst some clients affected by the changes have acted prior to 6 April 2017, there still remains an opportunity to act before the first 10-year anniversary of the trust without incurring an exit charge.

We would recommend that clients who may be affected by the changes contact us as soon as possible, in order to review their position and implement any structuring to avoid triggering inheritance tax charges.

If you wish to discuss how the new rules on inheritance tax may impact you or your family further, please get in touch with us by contacting jcohen@gscsolicitors.com. James Cohen is a Partner at GSC Solicitors LLP who is also a notary public and STEP qualified.

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