



## A BRIEF TAX GUIDE PREPARED BY HW FISHER & COMPANY FOR OVERSEAS INVESTORS IN UK RESIDENTIAL PROPERTY

TAXES INVOLVED	Non-UK Resident (British/EU Citizen)	Non-UK Resident (Non-British/EU)	Offshore Structure (Trust and/or Company)
<b>Income Tax</b>			
Deductions available for:-			
Loan Interest	✓	✓	✓
Property Running Costs	✓	✓	✓
Furnishings	✓	✓	✓
UK Personal Allowances available	✓*	x*	N/A
Current (2012/13) rate of tax-free allowance (per owner)	£8,105	N/A	N/A
Current (2012/13) tax rates on surplus rental income:			
Up to £34,370	20%	20%	} all at 20%
£34,371 - £150,000	40%	40%	
Over £150,000	50%	50%	
<b>Inheritance Tax</b>			
Exposure on UK Investment	YES**	YES	NO
Tax Free Equity - (2012/13 rates) (net of outstanding loans)	£325,000	£325,000	N/A
Balance taxable – rate	40%***	40%***	N/A
<b>Capital Gains Tax</b>			
Non-Resident Investor at disposal	NO UK CGT	NO UK CGT	NO UK CGT (xx)
Rates involved (if UK resident)	18%/28%	18%/28%	18%/28% (x)

- \* UK Personal Allowances are also available to certain other individuals (if covered by relevant Double Tax Treaty)
- \*\* If UK domicile, inheritance tax exposure is on all worldwide assets.
- \*\*\* Consider offshore structure (for non-UK domiciled individuals) or insurance cover to mitigate tax exposure.
- (x) If control is from UK residents, then capital gains tax exposure exists.
- (xx) There are currently proposals in the pipeline to bring non-resident companies within the charge to UK CGT with effect from 5 April 2013. However, the detail of these proposals has yet to be announced.

The above is only a brief guide and does not purport to represent individual professional guidance. Pitfalls can trap the unwary, but there are ways of avoiding exposure and professional help should always be sought. For further information including a free tax guide for overseas investors in UK residential property, including details of services provided and related costs, please contact Alan Lester, HW Fisher & Company, Acre House, 11 - 15 William Road, London, NW1 3ER, England, telephone 44 (0)207 388 7000, fax 44 (0)207 380 4900, e-mail alester@hwfisher.co.uk or website: <http://www.hwfisher.co.uk>

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A list of the names of the partners is open to inspection at our offices.

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