

PRE-BUDGET REPORT

**TAX NEWS:
ARCTIC THAW
RETIRED EMPLOYEES
PROPERTY ABROAD**

COMPANIES ACT

READERS' SURVEY

**CLIENT PROFILE:
SKILLSACTIVE**

INHERITANCE TAX

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If you have any suggestions for topics you would like to see covered in Shipshape, or have any comments about its content or presentation, please contact Stuart Dey at our London office.

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Managing Principal John McCuin
comments on the Pre-Budget
Report and the introduction
of auditor liability limitation.



Pre-Budget Report

Two aspects of the new Chancellor's first Pre-Budget Report have attracted a great deal of publicity.

The Chancellor must have expected the interest in his announcement on Inheritance Tax, following as closely as it did on the Conservative party's pledge to raise the threshold to £1 million. In fact (though it took the media some time to realise this) the Chancellor did not raise the threshold to £600,000; he simply made the existing individual tax-free allowances of £300,000 transferable between married couples and civil partners, many of whom have been achieving a similar effect for many years by adroit Will drafting.

Less media attention has been paid to the fact that the transferability of any unused allowances is retrospective, and this will mean a valuable windfall for many widows and widowers.

The Chancellor probably didn't expect the storm of protest which has blown up over his decision to impose an 18% single rate of Capital Gains Tax from next April. The Confederation of British Industry, British Chambers of Commerce, Institute of Directors and the Federation of Small Businesses have all joined forces to oppose the change.

It is certainly difficult to see the logic in a change that will generally benefit investors on the stock market but will increase the capital gains tax liabilities of those who invest in 'business assets'. These include the owners of unquoted companies, sole traders and partnerships, who will have to pay tax of 18% on disposals where previously their tax liability was 10% once they had held the assets for two years.

Although any simplification of the tax system is generally to be welcomed, the Chancellor may be forced into a retreat

on this one. If it does go through it may well become another example of the law of unintended consequences, as it will certainly mean less work for accountants!

Auditor liability

For almost as long as I can remember auditors have been campaigning to change the invidious system which has effectively made them liable for any damage arising from a mistake in a company's accounts, even if that mistake arose from negligence or fraud by the directors.

One positive step along the road was the introduction of Limited Liability Partnerships (LLPs), and Shipleys adopted LLP status partly to protect the personal assets of individual partners and so ensure that talented young accountants continued to be willing to take on the responsibilities of partnership.

An important milestone has now been reached with the introduction of 'Liability Limitation Agreements' by the new Companies Act (see page six for details). From next April auditors will be able to agree with clients an upper limit to any liability arising out of an audit.

I want to emphasise that this is not an attempt by the audit profession to evade its proper responsibilities. Auditors will continue to be liable for any negligence or wrongdoing. But the new measure will introduce a more proportionate sharing of responsibility between directors and auditors, and should prevent the worst-case scenario of an entire firm of auditors being wiped out by the failure of one client.

We are waiting for final guidance from our professional institute before we talk to individual clients, but I can ensure you that this change is nothing for clients to worry about, although it is very important to us and to the future of our profession.

*“it will
certainly mean
less work for
accountants!”*

Pre-Budget Report

The new Chancellor, Alistair Darling, presented his first Pre-Budget Report on 9 October.

Capital gains of individuals (and trustees and personal representatives of deceased persons) arising on disposals after 5 April 2008 will no longer be computed after indexation allowance to April 1998 and taper relief ranging up to 75% of the remaining gain. Instead the gain (disposal proceeds less cost, or market value as at 31 March 1982 if it was held then) is to be taxed at 18%. The annual exemption (currently £9,200) will still apply. This is a more straightforward system, but for many it will mean a much greater tax liability, although for some it will mean less to pay.

Inheritance tax changes, applicable to those who die on or after 9 October 2007, will make unnecessary the complicated provisions included in many Wills designed to avoid 'wasting' the nil rate band on the first death of a married couple. The new provision will enhance the nil rate band available on the death of the survivor of a married couple (or a civil partnership) to the extent it was unused at the first death – whenever that occurred. The simplest example would be where the first to go leaves everything to the other. The spouse exemption would mean no inheritance tax on that first death (unless that survivor is not domiciled in the UK and the deceased was). If the survivor had died before 9 October 2007 only the nil rate band of, currently, £300,000 would have been available on his or her death, leaving any excess chargeable at 40%. Under the new provision the nil rate band unused on the first death would also be available, saving up to £120,000 inheritance tax.

UK residents not domiciled in the UK currently enjoy the advantage of only being taxed on income and gains arising overseas to the extent they are remitted to the UK. The Chancellor proposes a number of changes.

From April 2008 the remittance basis will be available for those who have been resident in the UK for at least seven out of the last ten years, only on payment of an annual charge of £30,000, unless their unremitted income and gains are less than £1,000. Those who are on the remittance basis will not be entitled to the income tax personal

allowance, unless their unremitted income and gains are less than £1,000.

Income from investments and employment arising in the Republic of Ireland will come within the remittance basis from 6 April 2008 for those resident but not domiciled in the UK.

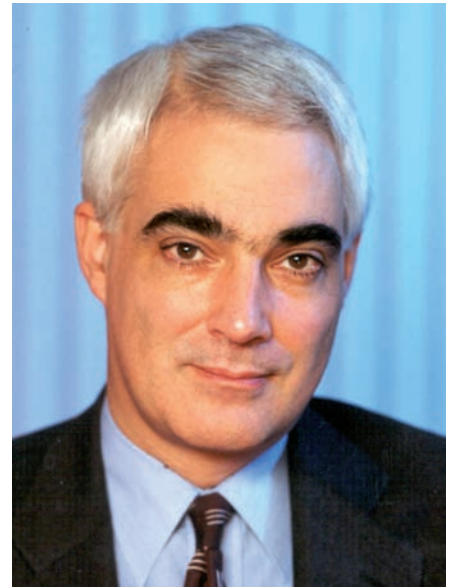
The Government is to amend "the current rules to remove flaws and anomalies that allow individuals to sidestep UK tax". It will also consult on "whether people who have been resident in the UK for longer than ten years should make a greater contribution, and on the detail of these proposals".

Non-residence – In determining residence in the UK days of arrival and departure are to be counted as days of residence.

Arctic response – Mr Jones succeeded in the House of Lords in resisting HMRC's attempt to treat the dividends his wife received from their IT company Arctic Systems Ltd as Mr Jones' income for tax purposes. However, the Government believes it is unfair that some individuals arrange their affairs to gain a tax advantage by shifting part of their income to another person who is subject to a lower rate of tax, and will be launching a consultation shortly on draft legislation to prevent such income shifting, to take effect from 2008-09.

Companies' foreign profits – Following responses to a discussion document *Taxation of the foreign profits of companies* published in June 2007, the Government is to develop a more detailed, broadly revenue neutral, package of proposals to "improve the competitiveness of the UK's corporate tax system in relation to foreign profits".

Planning Gain Supplement – The Government has said that the Planning Gain Supplement, which has been the subject of a lengthy consultation, will not be introduced in the next Parliamentary session. Instead the forthcoming Planning Reform Bill will empower local planning authorities in England to apply new planning charges to new developments alongside negotiated contributions for site-specific matters.



*Alistair Darling,
Chancellor of the Exchequer*

Offshore funds – The Government has published a discussion paper setting out proposals to simplify the offshore funds tax regime.

Associated companies – The Government believes that the associated company rules as they apply to the small companies rate could be simplified.

Anti-avoidance – The Government will introduce measures to:

- counter the exploitation of interest relief by individuals;
- tackle deferral of corporation tax through structural management of employer contributions to pension schemes;
- prevent the avoidance of tax through leasing plant and machinery;
- tackle SDLT avoidance, possibly extending the disclosure regime to high value residential property.

2008/09 income tax allowances – The personal allowances for under 65s and NIC thresholds and limits, except the upper earnings and profit limits, will be raised in line with the RPI from April 2008. As announced in the 2007 Budget, age-related personal tax allowances for the over-65s will be raised by £1,180 above inflation.

2008/09 NIC rates – The upper earnings and annual profit limits will increase by £100 a week, a year earlier than the increase in the threshold above which higher rate tax begins to be paid in 2009/10. There will be no changes to the NIC rates for employers and employees nor to the profit-related NIC rate paid by the self-employed.



Arctic thaw

As reported widely in the national press, the House of Lords has found for Mr & Mrs Jones in their long drawn-out battle over whether Mr Jones should be taxed as though his wife's dividends from their IT consultancy company represented his income. HM Revenue and Customs (HMRC) have accepted that similar situations are now safe from this 'settlements' legislation, and will remain so unless affected by the change in the law from April 2008 forecast in the Pre-Budget Report.

Interest on taxes

Following the increase in the bank rate to 5.75% on 5 July 2007 the interest rates on corporation tax instalments changed, with effect from 16 July 2007. That on unpaid instalments rose from 6.5% to 6.75%, and that on overpaid instalments rose from 5.25% to 5.5%.

Other interest rates changed from 6 August. The rate on unpaid income tax, capital gains tax, unpaid corporation tax not due by instalments, NIC, VAT, air passenger duty, excise duties, insurance premium tax, landfill tax, customs duty, climate change levy, aggregates levy, stamp duty, stamp duty reserve tax and stamp duty land tax and on tax credits overpayments in cases of fraud and neglect rose from 7.5% to 8.5%.

The rate on overpaid corporation tax not due by instalments, overpaid indirect taxes and inheritance tax payable or receivable rose from 4% to 5%.

The rate on overpaid income tax, capital gains tax, National Insurance, stamp duty, stamp duty reserve tax and stamp duty land tax rose from 3% to 4%.

Relocation charge

A group of UK companies is considering launching a challenge in the European Court of Justice to the UK tax charge on re-location to another EU state. This charge arises from the deemed disposal and reacquisition at market value of all 'chargeable assets' for corporation tax purposes when a UK resident company 'emigrates'.

Retired employees

Non-cash benefits provided to retired employees, such as private health insurance or Christmas hampers, became taxable from 6 April 2006 (where, previously they weren't unless provided together with a cash pension), unless the right to the benefit arose on a retirement before 6 April 1998.

Settlor-interested trusts

There is a change in the tax treatment of amounts received by a non-settlor beneficiary of a discretionary trust from which the settlor may benefit, where the trust income was chargeable on the settlor. From 6 April 2006 such distributions are treated as the beneficiary's income, subject to 40% tax but having already borne that tax, so there is no further income tax payable on them. Nevertheless, the existence of this income can affect the tax payable on other income.

Personal Term Assurance

Pension contributions used to pay premiums to a personal term life assurance policy are not tax relievable where paid to an occupational pension scheme after 31 July 2007 (unless the policy was issued before August 2007 relating to an application received before 29 March 2007) or paid after 5 April 2007 to any other registered pension scheme (unless the policy was issued before August 2007 relating to an application received before 14 December 2006 where the member has no pension rights under the scheme, or before 13 April 2007 where the member also has, or is accruing, pension rights under the same scheme).

A personal term life assurance policy (a non-group life policy) is a policy that will either only 'pay out' on the death of one individual, although a number of people may be covered by the policy, or 'pay out' on the death of more than one person where all the individuals covered by the policy are connected (broadly, this means family members).

Pre-owned assets

As announced in the Spring Budget, the Finance Act 2007 attempts to remedy a defect in this legislation, and as a result HMRC have published a draft guidance on when they would accept a late election from taxpayers for Inheritance Tax treatment of the asset(s) in question rather than incurring the pre-owned asset income tax charge. The draft guidance seems to offer few occasions when HMRC would exercise their discretion; but in any case the law remains flawed.



Renovation allowance

Tax relief, first announced at the Budget in 2005 but delayed pending European approval, is available on 100% of the capital expenditure incurred after 10 April 2007 in renovating empty commercial property in disadvantaged areas (Northern Ireland and the areas identified in Schedules 1 and 2 to the Assisted Areas Order SI 2007/107). The property must not be used or have been used as a residence and must, after renovation, be used or let for use in a trade, profession or vocation or as offices.

Company-owned overseas properties

Draft clauses have been published for comment, reflecting the 2007 Budget announcement that an income tax charge on the benefit in kind would not apply to occupation by a director or his family of living accommodation in an overseas property owned by a company, if the company's share capital is owned by the director or the director and other individuals, and its sole activity is holding that property for occupation. The wording is still being debated, and it is hoped will also apply where the company's shares are held by trustees and will apply to overseas entities which are regarded as 'opaque' by HMRC for tax purposes but are not necessarily regarded as companies.

This very welcome change recognises that such structures exist primarily to avoid the impact of overseas inheritance laws, or get round prohibitions on foreigners owning land. Although this is to be in the next Finance Act, it is to be fully retrospective and in the meantime will be the subject of an extra-statutory concession.



French inheritance tax

Those investing in property abroad often do so through a local 'vehicle', to avoid that country's inheritance problems, such as those in France which meant that children had to inherit a major share, rather than the surviving spouse, no matter what the deceased wanted.

One favoured structure in France has been the société civile immobilière (SCI). Although an SCI is treated as transparent for tax purposes in France, it is not regarded as real property, and so is not subject to these 'forced heirship' laws for non-residents. Unfortunately, until the very welcome announcement in the 2007 Budget (see previous item) this often resulted in awkward UK tax complications.

However, in France the 'forced heirship' laws have now been somewhat relaxed anyway, and since the beginning of 2007 it has been possible for children to renounce their share in the property.

Those owning property in France, directly or indirectly, should remain aware of the French inheritance tax and gift tax payable. This is related to the amount inherited or given, with different tax rates and allowances applicable according to the beneficiary's relationship to the deceased, ranging up to 60% for 'strangers in blood'. Changes from 22 August 2007 mean that there is now a complete exemption from French inheritance tax on bequests (but not from tax on gifts) to a spouse, or a 'partner' (of either sex) where the couple have completed a Pacte Civil de Solidarité (PACS).

VAT

Registration delays

Previous issues of *Shipseape* have highlighted the efforts of HM Revenue & Customs (HMRC) to combat Carousel fraud. These were mainly targeted at the industry sectors most likely to be affected.

However, in order to perpetrate such fraud it is essential to be registered for VAT. So VAT Registration Units are instituting more thorough checking procedures to detect and reject fraudulent applications.

This may be a laudable aim but it is causing problems for legitimate taxpayers, who are required to send large quantities of documentary evidence confirming the existence of the business, and the bona fides of its activities, even though the form itself makes no mention of this. As a consequence the turnaround time for applications has increased from three weeks to anything up to nine months.

Our experience is that VAT registration processing times have gradually lengthened, particularly in respect of applications handled by Newry office. This is a serious concern as it can cause major cashflow headaches, difficulties with customers, and in some cases loss of business.

HMRC have, belatedly, recognised the need to improve performance and are taking steps to do so. For example, we understand that all applications should, for the time being, be sent to Wolverhampton office from where they are distributed for processing. This does appear to be having a positive effect, but our advice at this stage is to assume the worst and build the delay into cashflow projections and business plans.

Film fraud

The fraud investigators of HMRC have also been busy in other areas. A recent example involved a film producer and serves as a timely warning as the individual concerned

has been jailed for five years after fraudulently obtaining VAT repayments in excess of £4 million.

In our experience many VAT Officers find the film industry difficult to understand, and may become more suspicious than is warranted. This can lead to delays in receiving repayments, lengthy and expensive investigations, fines and interest charges.

Therefore it pays to take advice and ensure that VAT is dealt with properly and expeditiously.

Company credentials

Since the creation of HM Revenue & Customs we have seen some of the work practices of the former Inland Revenue migrating across into VAT. One example is that callers to the VAT helpline are routinely asked security questions relating to recently submitted VAT returns or correspondence.

We are also finding evidence that written correspondence received from persons other than directors, partners or proprietors of businesses is rejected unless the author of the letter can produce written authority to engage in correspondence.

This can cause problems for many businesses that routinely delegate VAT functions to accountants and external advisers.

Employees' computers

In 1999 the Government introduced a tax exemption to enable employers to lend computers to employees for use at home without incurring a tax charge, and recovery of the related input VAT was allowed even though some private use of the computer was anticipated.

The tax relief was withdrawn from 6 April 2006, so Customs have now followed suit by withdrawing the right to full input VAT recovery. With effect from 13 August 2007 it will be necessary to apportion the input VAT to reflect private use.

For further information please contact Nancy Cruickshanks, our senior VAT consultant, T 020 7312 6526, E cruickshanksn@shipseys.com.

New Companies Act

The second implementation phase of the new Companies Act will take effect on 6 April 2008, and will introduce major changes affecting all our corporate clients.

Company Secretaries

There will no longer be a requirement for a private company to appoint a Company Secretary.

For smaller private companies it might still prove helpful to retain the position of a Company Secretary, if only on a part-time basis, as he or she will retain all the statutory rights and privileges afforded under the old legislation, and the processing of routine compliance documents will still be compulsory.

For larger private companies, and those operating in a heavily regulated sector such as financial services, maintaining the office of Company Secretary to look after the plethora of compliance issues will usually make sense.

The appointment of a Secretary to a public company will remain compulsory, and the Secretary must be suitably qualified; usually a Chartered Company Secretary or a member of one of the professional bodies listed in the legislation, such as a chartered accountant, solicitor or barrister.

Company accounts

The intention of the new Act is to make the accounting regulations more user friendly, and easier to interpret, for private companies. Previously the requirements for smaller companies were expressed as modifications to the

regulations applying to large companies. In the new Act, there are separate sections dealing with the requirements for public and quoted companies.

The new requirements will reduce the time limit for delivering accounts to Companies House, which will be nine months after the year end for a private company and six months for a public company.

The penalties for late filing of accounts are likely to be increased, and the new regime will penalise companies which are persistently late filing their accounts.

A new criminal offence will be introduced in connection with failure to keep proper accounting records, with a maximum penalty of two years imprisonment or a fine for the directors of the company.

Auditors

Perhaps the most radical change brought about by the new Act in relation to auditors is the introduction of 'Liability Limitation Agreements'. These will enable audit practices, including our own, to enter into agreements with client companies limiting their liability arising out of the audit of the accounts of the client.

There are wide ranging restrictions on how these agreements may be prepared and enforced, and the Act expressly renders void any provision exempting an auditor from liability that would otherwise arise in connection with any negligence, default or breach of trust in relation to the client company.

Another change relates to the signatory of the audit report and the new term of 'Senior Statutory Auditor', which will give more transparency to the conduct of the audit.

Any changes that Shipleys are obliged to make as a result of these new requirements will be explained to individual clients in advance by the Principal or Manager responsible for the audit service provided.

*For further information please contact Robert Ramsdale, head of our Company Secretarial Department,
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Readers' Survey



Every three years or so we conduct a survey to find out what our readers think about *Shipshape*, and our latest questionnaire is enclosed with this issue.

Do please try to find the time to complete it by 23 November, and tell us your views. We receive very little feedback from readers between surveys, and we sometimes wonder if there is anyone out there, but the survey always prompts useful comments and we do take notice and make changes as a result.

As always, there will be a prize draw of returns, with the winner choosing a case of wine, or a Fortnum & Mason hamper, or a donation to the charity of his or her choice.

Paper change

We hope that you won't have noticed the difference, but this issue of *Shipshape* has been printed on a new paper stock.

It is called (for reasons we can't discover) '9lives 55' and we have chosen it because it is made from 55% recycled paper, and no chlorine is used in the manufacturing process. It is approved by the Forest Stewardship Council.



55% recycled fibre

We wanted to maintain the print quality of *Shipshape* as well as using 'greener' paper, and this is the best we can find on the market at present. In addition, the manufacturer plants two trees for every one used as pulp.

Schedule

These parts of the Companies Act 2006 will come into effect from 6 April 2008:

Part 12: Company Secretaries

Part 15: Accounts and Reports
(except section 417)

Part 16: Audit (except sections 485-488)

Part 19: Debentures

Part 20: Private and Public companies

Part 21: Certification and transfer of securities

Part 23: Distributions

Part 26: Arrangements and Reconstructions

Part 27: Mergers and Divisions of Public companies

Part 42: Statutory Auditors

CLIENT PROFILE

SkillsActive

Shaping Skills for the Future

2008 will be an important year for SkillsActive, the Sector Skills Council for Active Leisure and Learning which comprises the sport and recreation, health and fitness, outdoors, playwork and caravan industries.

SkillsActive will complete the business planning for its National Skills Academy next year, and aims to achieve regional coverage of England with nine Academies by 2010, in time for the huge upsurge in demand which is expected to arise from the needs of the 2012 Olympics.

“There’s a lot going on – even more than usual!” says Martin Ellis, Director of Finance and Administration. “The Leitch Report last year underlined the importance of the whole skills agenda, along with a clearer and stronger rôle for Skills Councils, and we are working to take full advantage of the new opportunities.

“A complication at present is the changes in the government departments involved and interested in our work, which happened this summer, but that will settle down over time.”

The organisation

The Government’s 2003 Skills White Paper pinpointed education, reform and funding as key drivers for addressing the nation’s skills gaps and shortages, and Sector Skills Councils were established to address those issues.

SkillsActive was established in 2003, under the leadership of Chief Executive Stephen Studd, who has wide experience in sports and leisure management.

It is a registered charity and a company limited by guarantee, with an annual turnover of £7.5 million. It receives some funding from the SSDA and from Government departments for specific projects, but much of its income has to be generated from other sources. “At any one time we have about a hundred projects on the go to bring in income ranging from a few thousand pounds to half a million,” explains Martin. “Budgeting is not easy!”



*Martin Ellis,
Director of Finance and Administration*

Operations

SkillsActive is employer-led, and brings employers together with government, educators and employees to improve competitiveness and productivity in the sector. SkillsActive does not provide training itself, but works with its stakeholders, particularly the employers, to define skills and training needs.

It is a very diverse sector. Only 1% of employers are defined as ‘large’, with more than 250 employees. SMEs, with 10 to 250 employees, make up 26% of the sector, with the remaining 73% consisting of ‘micro’ organisations and the self-employed.

There are many other ‘stakeholders’ in the sector, for example in sport there are Sport England, Sports Coach UK, plus the 130 governing bodies of different sports, such as the RFU and the FA.

“The need for a National Skills Academy for this sector is pressing” says Martin. “A key element will be an interactive ‘virtual’ Academy, bringing together employers, employees and accredited training providers. Currently there is no one route to training, as the sector’s requirements are so diverse and are changing as the sector expands. For example, there’s an ongoing need for training for front-line rôles such as sports coaching or children’s play organisers, but also the 2012 Olympics and Paralympics will need 35,000 management and administrative personnel to make them happen.”

*For further information please see
www.skillsactive.com*



M Institute works exclusively with the leaders of medium-sized businesses, and aims to provide them with resources that address their most important challenges.

Medium businesses consistently grow well above the annual growth rate of the UK economy and key to maintaining that growth is the successful adoption and exploitation of technology to support and enhance their organisations.

The medium sector represents a large and powerful group of IT buyers and this huge market is now being recognised as an important sector in its own right.

On 22 November M Institute and Information Age will be co-hosting the UK’s first technology conference dedicated to medium sized organisations, *IT for the M Business*, to be held at the Novotel Euston Hotel in London. The objective of the conference is to help M businesses become more confident and successful in their use of technology, and in their choice of suppliers, products and services.

IT for the M Business will help managers understand and navigate their way through the technology and business issues, such as measuring the business value of IT, security, flexible working, outsourcing and CRM systems.

For further information on the conference and to book a place please see the M Institute website, www.m-institute.org

Words of Wisdom

Wealth is not without its advantages, and the case to the contrary, although it has often been made, has never proved widely persuasive.

J K Galbraith

Money is better than poverty, if only for financial reasons.

Woody Allen

Money speaks sense in a language all nations understand.

Aphra Behn

Money can’t buy friends, but you can get a better class of enemy.

Spike Milligan

MONEY MATTERS



Inheritance Tax planning

It is important to recognise that the Inheritance Tax (IHT) threshold remains at £300,000 for individuals, though any unused part is transferable to the surviving spouse or civil partner. But even where this increased threshold is available, it remains sensible to plan to reduce the amount of IHT (at 40%) that your heirs will have to pay.

Your first priority, irrespective of tax considerations, should always be to ensure that you have an up-to-date Will, so that your estate will be divided up according to your own wishes.

Give it away

You can reduce your potential IHT liability by giving away your money in advance. For example, parents can give £5,000 to a child as a wedding gift, and grandparents can give £2,500, without any sort of tax being payable.

You can also give away a total of £3,000 each year to anyone you choose, or divide this sum between a number of people, as well as giving any number of individual gifts of £250. If you can prove that you can afford to do so without reducing your lifestyle, you can also make regular gifts from income.

You can give away substantial assets, or large sums of money, as 'potentially exempt transfers', but these transfers only become totally free of IHT if you survive for seven years after making the gift, and they can be liable to the notorious 'pre-owned assets' charge, so you would need professional advice on this.

Risky strategies

If you are so determined to keep your wealth out of the hands of the tax man that you are prepared to run the risk of losing some of it, there are a number of things you can do.

Detailed advice should be obtained before taking action, or refraining from taking action, as a result of information in this newsletter.

Shipleys LLP is not authorised by the Financial Services Authority but we are able in certain circumstances to offer a limited range of investment services because we are licensed by the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

You can invest in certain shares listed on the Alternative Investment Market (AIM). Once you have held them for two years they are exempt from IHT. But AIM shares are generally regarded as being riskier than those listed on the main market.

If you invest in a small company through the Enterprise Investment Scheme (EIS) your investment may also be protected from IHT after two years, and the EIS offers other tax breaks too, such as 20% of the investment off your income tax liability. But these are very small companies, and they are inherently risky, though you should be able to set off any loss, net of initial tax relief, against your income tax bill.

Spend it!

If you have made adequate provision for your old age (and you are willing to risk the wrath of your offspring), a certain way to reduce your IHT liability is to spend your money now and enjoy it.

Buying jewellery or modern art won't work, because these will be valued in your estate for IHT, but the money you spend on that round-the-world cruise will certainly escape the tax man!

Take action

Apart from the relatively simple things, like giving money away or spending it, it is impossible to give general advice on reducing your IHT liability, because individual circumstances are so different, and there are so many possibilities (and potential complications).

Inheritance tax planning may not be easy, but it can be very worthwhile. If you would like help in sorting out the best courses of action for your own circumstances please start by talking to your usual Shipleys contact.

Congratulations!

Our congratulations to Mitesh Patelia, Leila Jones and Eranda Wickramasinghe (pictured below, left to right), all in our London office, who have passed their final examinations and qualified as chartered accountants.



International tax

International cooperation on tax matters is an important, and very successful, aspect of the work of AGN, and Shipleys London office will be hosting an international tax meeting in November. Tax specialists from member firms in Europe, the USA, South America and Australia will be discussing matters of major concern which are being raised by tax authorities around the world. The agenda includes transfer pricing, real estate, holding structures and employment taxes.

The delegates will consider tax structures that could benefit clients, and how to work more closely on sharing vital information on tax changes in each other's countries. They will also be developing the personal working relationships on which their successful cooperation is founded.

Insolvency expert

Robert Smailes, one of our Licensed Insolvency Practitioners, has a well-established reputation among his professional colleagues as a specialist lecturer, and his expertise has been much in demand recently.

He addressed a gathering of 200 UK insolvency experts in Leicester on the changing needs of insolvency practice in the UK, and was also invited to South Africa, to an international gathering of insolvency specialists, to examine the problems arising from the increasing number of cross-border insolvencies, and the extent to which internal law and practices might be harmonised to benefit business and investors.