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ncm fund
services

Fund Operation, Accounting and Administration

IHT PLANNING WHILST
CGT STILL LOW!



IHT PLANNING WHILST CGT STILL LOW!

Family Limited Partnerships are now widely regarded as an excellent IHT planning tool for UK tax payers - ability for donor to retain control and take a larger share of income with careful planning.

Transferring any of your assets with pregnant gains into a Family Limited Partnership (FLP) can crystallise the gains at 28%, which in the opinion of many commentators may be the lowest rate of higher rate CGT for many years to come, and move the base cost of the assets up to today's value.

CGT crystallised now would not need to be paid for 9 months after the tax year in which it is incurred - ie 19 months.

Advantages of a FLP

1. The donor can get rid of value, yet maintain total control over the assets through 100% ownership of the General Partner. No trustees are required.
2. The assets of the FLP can be split such that the capital is held by the limited partners (potentially the next generation) and the right to any income could be retained by the donor (eg in the form of a property management charge to the General Partner).
3. Any assets can be gifted to a FLP, eg property, investment portfolio, art, wine etc.
4. Provided the donor lives for 7 years from transfer, there is no inheritance tax (IHT) on the donated assets in the FLP. There are no exit charges or 10 year charges as is the case with trusts.

5. A Scottish Limited Partnership has a separate legal personality and is fully tax transparent.

6. Each partner can use their own CGT annual relief compared to a single ½ rate trust annual relief and no CGT change on distributions.

What to do next?

- An FLP requires an FCA Regulated Operator. NCM Fund Services are authorised and already act in this regard for a number of FLPs at a reduced fee which makes this structure cost effective.
- NCM Fund Services is an independent supplier of fund administration services following a buy-out from Noble Group in 2009. It has approximately 120 clients and £2 billion under administration.
- Formation of an FLP requires a tax adviser and a legal adviser in addition to NCM Fund Services as regulated operator. We work closely with well known high quality firms in this space although clients may wish to speak to their existing tax and legal advisers initially.

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