

potential CGT charge. It is not yet known whether the rate of CGT will be equal to the rate individuals pay (28%) or higher or lower.

- Exclusions will apply, for example, for charities and development businesses

New purchasers

- New purchasers need to be aware that the purchase of a residential property valued at over £2 million through a company structure will now attract SDLT at 15% and ongoing annual charges of between £15,000 and £140,000.
- They also need to be advised on the possibility of a CGT charge on the disposal of the property if the property is held via an offshore entity.
- New owners may prefer to hold the property in their own name to avoid these charges.
- If the main motivation for using a company to buy the property is to avoid inheritance tax ('IHT') then new purchasers could consider direct ownership with borrowing or insurance to mitigate the IHT. Privacy can still be achieved through the use of a nominee company which will not be subject to the new tax rules.
- If asset protection is a concern then trusts (which will fall outside of the 15% SDLT charge and the annual charge) may be a viable alternative.

Existing property owners

- Existing owners need to identify and review their structures and consider what steps to take before the charges come into effect in April 2013. However, no definitive action should be taken until the consultation has ended and the proposals have been finalised.
- As part of the review, owners need to assess the new tax charges and consider whether the tax costs will outweigh the benefits of retaining the structure.
- Those wishing to unravel existing structures need to assess the tax implications of doing so and practical issues such as who should be the registered owner of the property going forward.