



UK tax update:
The future of the UK as a
destination for UHNW families
and UK real estate investment
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UK tax update: The future of the UK as a destination for UHNW families and UK real estate investment



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Agenda

01 UK for business and lifestyle

02 Current “State of Play”

03 Potential changes in the October 2024 Budget

04 Current residents’ preparation for new regime

05 Immigration/visa considerations

06 Real Estate



UK for business and lifestyle





Education

There are around 2,600 private schools in the UK, as well as some of the world's top universities.

Rule of Law

Ranked #15 on World Justice Project.

Luxury Living

Large number of high-end lifestyle options.

Cultural Diversity

The long history of immigration offers not only a home beyond your home, but a chance to develop business relationships with partners of all backgrounds.



Strong private wealth market

Services for every need.



International hub

London has a historical legacy as a global trade hub, which stands strong today.



Close links to other countries, especially Europe

Short travel time spanning Europe and a convenient time zone.



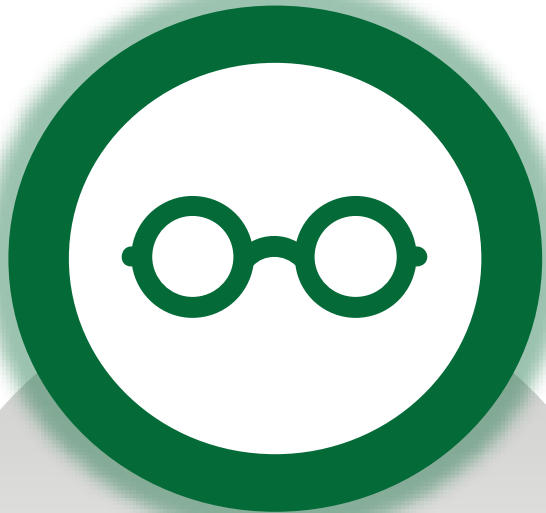
Strong treaty network

The UK has one of the largest networks of tax treaties, spanning over 100 countries.



Current “State of Play”





Domicile

The legal concept of domicile (“permanent home”) is key to the UK tax system.



Remittance basis

Remittance basis means that most foreign income and gains (FIG) are only taxable if brought to the UK.



Trusts

Well trodden route for using trusts to facilitate succession planning as well as tax efficiency and “gross roll-up” of returns.

October 2024 Budget and Potential Changes





Current rules:

Legal concept of domicile key to UK taxation

Remittance basis means that most foreign income and gains (FIG) are only taxable if brought to the UK

Deemed domiciled for all UK tax purposes if 'formerly domiciled resident' or 'long-term UK resident' (15/20)

'Trust protections' apply to settlor-interested trusts, which enable foreign income and gains to accrue tax free

Inheritance tax applies to most foreign assets only if the individual is legally or deemed UK domiciled. Similar rules apply to trusts based on the settlor's domicile position

Potential new regime:

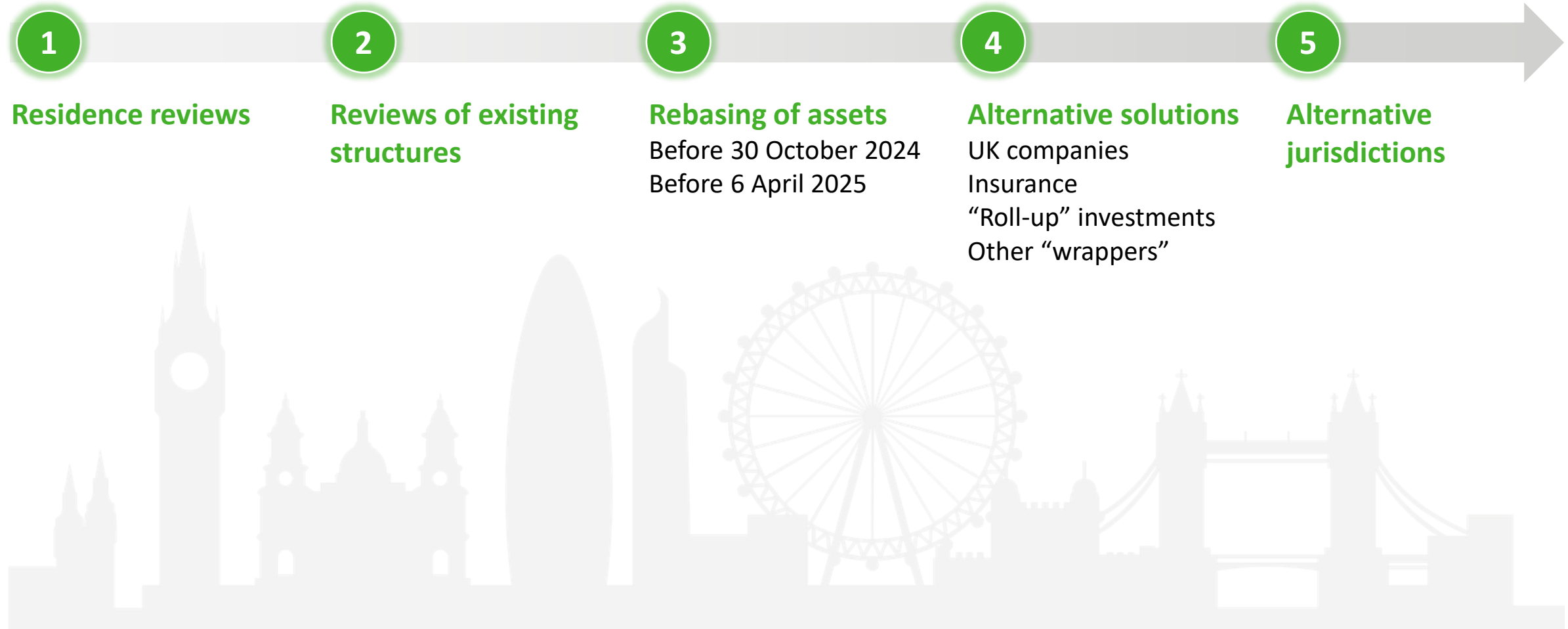
Domicile abolished as a concept for UK tax—new regime for new arrivals based on tax residence is to be introduced

For the first four tax years of residence, foreign income and gains will not be taxable in the UK, wherever received (i.e. can remit), if non-UK resident in the previous 10 years

After four tax years of residence worldwide income and gains will be taxable in the UK

Likely changes to taxation of UK resident settlors of settlor-interested trusts

The Government is considering introducing IHT on worldwide assets following ten years of UK residence. Detail, including input on existing trusts, is currently unknown





UK Immigration Categories

Sponsored Work

A UK business may sponsor migrant workers in the UK. The business must first obtain a Sponsor Licence, which requires that the UK business is: a genuine organisation operating lawfully in the UK; is able to offer genuine employment in the UK; and has appropriate policies and systems to monitor migrant workers.

- **Skilled Worker** facilitates the employment of new hires to a UK business
- **Global Business Mobility** (Senior or Specialist Worker) facilitates temporary UK assignments from an overseas linked entity of the UK business

Global Talent

For talented and promising individuals recognised by a Home Office-approved endorsing body as leaders in their field or having the potential to become leaders in their field in the following categories:

- Academia or research
- Arts and culture
- Digital Technology

Innovator Founder

For entrepreneurs who wish to establish a new business in the UK. Business plans must be approved by a Home Office-approved endorsing body, and deemed:

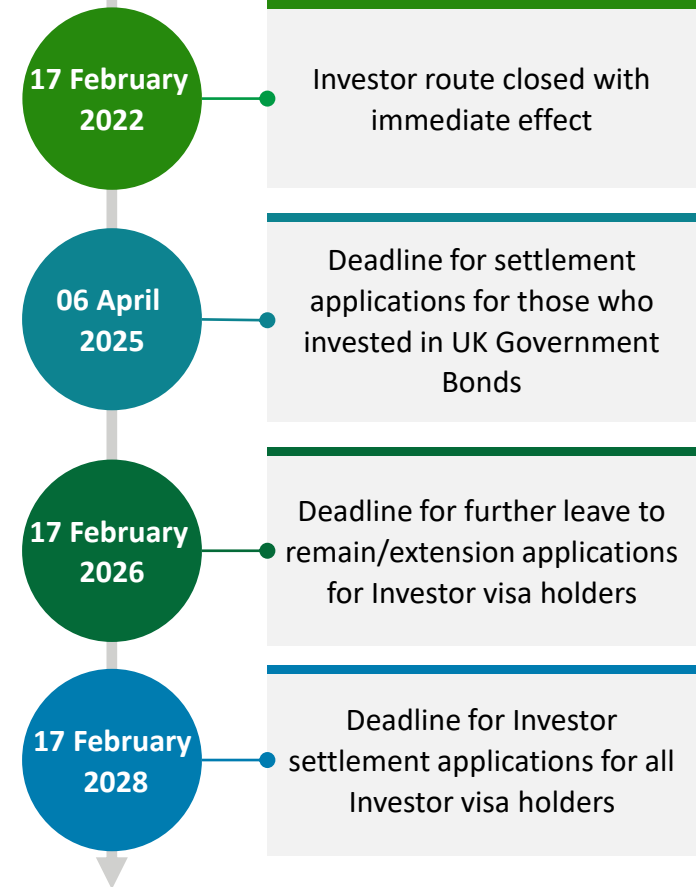
- Innovative
- Viable
- Scalable

Appendix FM

Family members of British nationals or those who hold settled status in the UK may apply for a residence permit in the UK based on their relationship, including:

- Partners/spouses
- Children under 18

Investor Category: Key Dates





5%

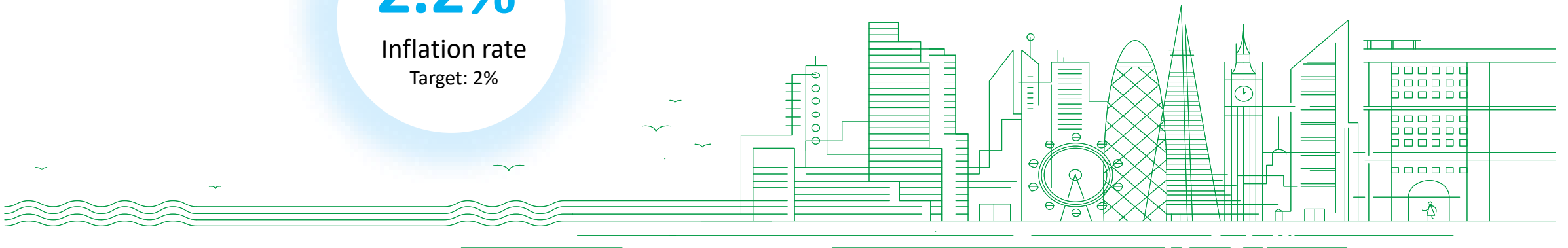
BOE interest rate
Next due: 7 November 2024

2.2%

Inflation rate
Target: 2%

Central London office investment—50 assets exchanging during the quarter, **up 12%** on the previous quarter

Tenant demand polarised—focussed on highest quality Grade A space.





Whittington House, WC1 (Under Offer)

c.£57m 75,588 sq. ft N/A
Reported price NIA NIY

City GPE Long
Market Purchaser Leasehold
Tenure

Q3 2024



One Bow Churchyard, EC4

£54m 44,430 sq. ft 5.25%
Reported price NIA NIY

City Habro
Market Properties Freehold
Purchaser Tenure

Q3 2024



30 Golden Square, EC1 (Under Offer)

£76.5m 32,492 sq. ft 4.25%
Quoted price NIA Quoted NIY

City TBC Freehold
Market Purchaser Tenure

Q3 2024



8-10 Herbal House, EC1 (Exchanged)

£101m 114,041 sq. ft 6.60%
Reported price NIA NIY

City Yellow Tree
Market Group Freehold
Purchaser Tenure

Q3 2024



Atlantic House, EC1 (Exchanged)

£180m 256,900 sq. ft 7.65%
Reported price NIA NIY

City Royal London
Market Asset Mgmt Freehold
Purchaser Tenure

Q3 2024



Turnmill, EC1

£77.4m 70,300 sq. ft 4.90%
Reported price NIA NIY

City Titan
Market Investors Freehold
Purchaser Tenure

Q2 2024

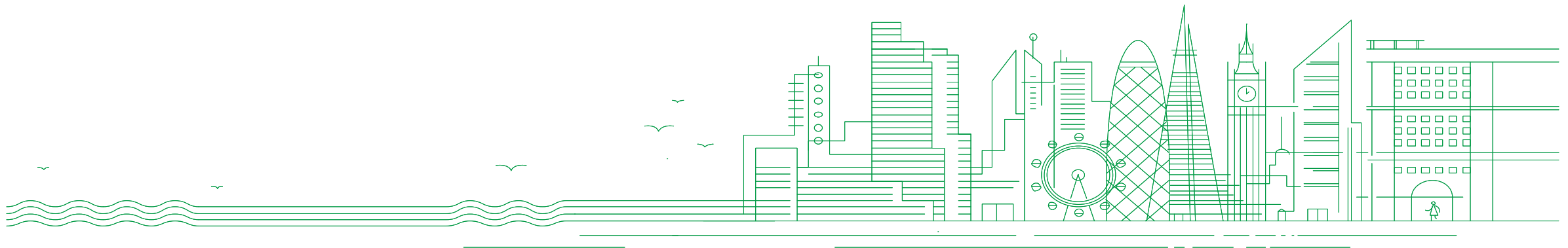


UK BTR homes predicted to **increase five-fold** to reach 380,000 homes by 2032

Investment in **UK PBSA** topped £1.7 billion in the second quarter of 2024, the **strongest quarter** for investment since 2022.

Q2 2024 saw a **jump in investment activity** with nearly **£1.2 billion** invested in the UK BTR sector

Labour pledge to build **1.5 million** new homes in next **5 years**





Alameda & Beton, Wembley Park

£250m
Reported price

490
Beds

4.50%
NIY

BTR
Sector

Operational
Type

KKR
Purchaser

Q1 2024



Borough High Street, Southwark

£61m
Reported price

444
Beds

N/A
NIY

PBSA
Sector

Site Acquisition
Type

Unite
Students
Purchaser

Q3 2024



Alto, Montana & Dakota, Wembley Park

£110m
Reported price

261
Beds

4.50%
NIY

BTR
Sector

Operational
Type

Goldman
Sachs/
Purchaser

Q1 2024



Pavillion Court, Wembley

£125m
Reported price

669
Beds

4.60%
NIY

PBSA
Sector

Operational
Type

Apollo
Purchaser

Q2 2024



The Astley, Manchester

£31m
Reported price

135
Beds

4.60%
NIY

BTR
Sector

Operational
Type

Grainger
Purchaser

Q3 2024



Avon Street, Bristol

£85m
Reported price

447
Beds

5.45%
NIY

PBSA
Sector

Forward
Funding
Type

AIG
Purchaser

Q2 2024



Labour's first post-election Budget

Corporate & Indirect Taxes

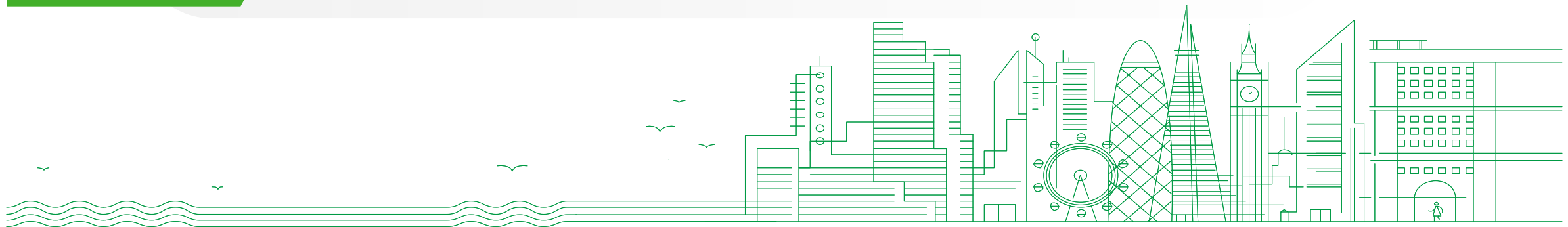
- Introduction of a business tax roadmap to provide certainty and **encourage investment and growth**.
- Corporation Tax rate remains unchanged (capping at 25% for the remainder of the Parliament).
- No increase to the standard VAT rate.

Stamp Duty Land Tax (SDLT)

- **SDLT surcharge increase by 1% (rising to 3%)** for non-UK resident persons (individuals and companies) purchasing **residential** property in England or Northern Ireland.
- Budget could announce an increase potentially with immediate effect.

Carried Interest

- Changing the taxation of **carried interest payments** received by the **private equity** industry from Capital Gains Tax to Income Tax.
- Awaiting Budget response to previous consultation on the implementation.



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