THE SUPER SIX

utmost™
WEALTH SOLUTIONS

SIX KEY UK TAX BENEFITS OF OFFSHORE BONDS FOR THOSE MOVING TO THE UK AND RETURNING UK EXPATRIATES

UTMOST WEALTH SOLUTIONS' PORTFOLIO BONDS

1 GROSS ROLL UP

2 TAX EFFICIENT WITHDRAWALS

3 GIFT ASSIGNMENT

4 TIME APPORTIONMENT RELIEF

5 TOP SLICING RELIEF

6 TRUSTS

1 GROSS ROLL UP

Liability to tax on the income and gains within in a portfolio bond can be deferred, both in the UK and in a number of other jurisdictions. This is known as 'gross roll up' or 'tax deferral'. However, withholding tax may be deducted on some dividends in their country of origin.

2 TAX-EFFICIENT WITHDRAWALS

Each policy year for 20 years, a policyholder can withdraw (with no immediate UK income tax charge):

- Up to 5% of their initial premium, plus
- Up to 5% of any additional premiums (from the policy year in which the policyholder invested the additional premiums).

Unused 5% annual tax-deferred allowance can be rolled forwards.

3 GIFT ASSIGNMENT

Policyholders can choose to gift the bond by assigning ownership to a third party, meaning:

- No UK income or capital gains tax charge is payable by the policyholder (the original investor) at assignment
- Future UK income tax is charged at the new owner's tax rate (if any).

4 TIME APPORTIONMENT RELIEF

Any chargeable gain arising after the policyholder returns to the UK, on which UK income tax is due, will be reduced based on the time the person liable to tax (the current policyholder) has been non-resident for tax purposes. Any top-ups the policyholder makes to their bond, whether as a resident or non-resident, will be deemed to be additional investments made at the start of the contract, reducing the amount of tax due.

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5 TOP-SLICING RELIEF

Whenever the policyholder decides to surrender their bond, the growth of their investment may mean that the policyholder becomes either a higher rate or additional rate taxpayer. Top-slicing relief may assist in reducing the rate of tax charged by comparing the full gain to what would have been charged if the gain had instead been spread over a number of policy years.

6 TRUSTS

Placing a portfolio bond in trust can:

› Reduce or eliminate a settlor's/donor's UK inheritance tax liability
› Assist with generation planning
› Remove the need for probate.

The value of investments may fall as well as rise and a policyholder may not get back what they put in. This document is based on our interpretation of the law and HM Revenue and Customs' practice as at April 2025. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change. The value of any tax relief will depend on the investor's individual circumstances.

To find out more or to contact our Technical team, please visit our uTech site at **https://utmostinternational.com/wealth-solutions/our-wealth-solutions/united-kingdom/utech/**

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