



innovative tax planning opportunities

Ellacotts Tax Department can help you find innovative tax planning opportunities that can produce a significant tax saving. We believe that it is important that you know about these opportunities in order to be able to make an informed decision about their suitability to your individual circumstances. A brief summary of the opportunities currently available is provided below:

Stamp Duty Land Tax

This is available for companies, individuals and married couples. As a result of this planning opportunity no SDLT will be payable. Costs involved for using this planning opportunity are 2% + VAT.

Example: If you are purchasing a property for £600,000 SDLT @ 4% is £24,000. To reduce SDLT to £Nil, the amount payable will be £12,000 + VAT i.e. £13,800. This represents a saving of £10,200 or £12,000 if you are able to recover the VAT.

Business Benefit Trust

This is aimed at companies who pay corporation tax at the main rate of corporation tax (28%) and have 5 or more employees. A contribution is made into a Business Benefit Trust and corporation tax relief at 28% obtained. Thereafter funds are extracted from the Trust in a tax favourable way that minimises income tax and NIC.

This is a very effective planning opportunity for extracting funds from a business in a tax efficient way for individuals whilst achieving a corporation tax deduction for the company.

Establishing a Capital Loss

This is aimed at individuals and is used to offset a capital gain in the same tax year.

Example: An individual makes a chargeable gain of £800,000 which results in a CGT liability of £144,000. With this planning opportunity a capital loss is established that reduces the capital gain to £NIL so that no CGT is payable. The cost for using this opportunity is normally 25% of the tax liability i.e. £36,000. This would mean an overall saving to the individual of £108,000

Establishing a Trading Loss

This is aimed at companies that are unable to use the Business Benefit Trust to reduce their corporation tax liability. A trading loss is established to offset trading profits or a chargeable gain made by the company. The cost for using this opportunity is 25% of the tax saved.



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This is only a brief guide to some of the tax planning opportunities available. If your particular circumstances do not match those highlighted above, please let us know and we will try to find alternative planning opportunities that are bespoke to your needs.

Some of the above planning opportunities take advantage of anomalies or weaknesses in the wording of legislation. Due to the proximity of the next budget, 22nd April 2009, these innovative tax planning opportunities may be suspended, withdrawn or superseded with new opportunities at short notice.