

## Residence & Domicile Review

We have had a busy year in anticipation of the changes to UK Residence & Domicile Rules. The timescale was extremely difficult with everyone waiting for the end of the consultation period on 29 February 2008. Even then most advisors wanted to wait until the budget was announced on 15 March 2008 before pronouncing on action which should be taken. This left us with three weeks to consult and implement changes.

Fortunately most of our trusts have non-domiciled and non-resident settlors and little action was required in those cases. The bulk of work that had to be done was where UK resident settlors were involved or where we had companies with no trust above them. Unfortunately there was no one solution. Much of the change depended upon individuals' personal circumstances and each case had to be considered specifically.

The proposed changes in legislation are complex and we are grateful to our advisors for having found appropriate solutions. We have published several articles from advisors on our website and we will retain them for some time to allow clients to see how the legislation developed, and what the key issues were. Once the enabling legislation has been passed, individuals will be able to assess how the final version will affect them.

Although the work involved in this period was arduous it has also been useful in that structures have been reviewed, tidied and strengthened. We and our clients have also learned that it is important to regularly review cases and ensure that they fit with current tax legislation. Structures which were set up many years ago may well have been adequate at that time but as the circumstances of the parties behind the entity change and tax laws are modified, it may be that entity is no longer tax effective or that adjustments in the way things are structured could improve the effectiveness. Going forward, we will continue to recommend a regular review by a tax competent advisor.

We are pleased the UK Chancellor consulted with many areas of the financial services industry before making his Budget announcements, and that some of the less palatable aspects of his original proposals have been removed from the draft legislation.

If you require further information on any of these matters, your usual Minerva contacts will be able to assist, or alternatively contact:-

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