

THINKING BUSINESS SOLUTIONS

4

BUSINESS

UK PROPERTY INVESTMENT



OVERVIEW

The UK property market has always been a magnet for inward investors with growth values in some sectors reaching over 800% over the last 40 years.

This growth in value and the stability of rental returns is supported by the following factors:

- a shortage of land in the most popular locations;
- the British tradition of property ownership;
- a favourable tax regime;
- a record of average rental returns exceeding interest rates, with a good client pool of quality tenants; and
- a market which is well-served by professional advisors and a legal system that guarantees security of ownership.



A TAX HAVEN FOR NON-UK RESIDENTS

One of the major attractions of this market is the UK system of property taxation. If the correct and proper structure is in place, UK property investment can attract little or no UK tax on the profits or earnings of those investors who are either not resident or domiciled there.

Consider these factors:

- The United Kingdom imposes no withholding tax on the sale of real estate.
- The UK government does not impose a Capital Gains Tax on individuals, trusts and companies that reside outside the United Kingdom.
- There is a generous system of tax allowable deductions, including interest from rental income generated in the United Kingdom.
- With careful planning, disposal of properties in the United Kingdom by non-residents can be structured to avoid UK Stamp Duty.



How can we help?

4 Business can provide detailed taxation advice regarding the consequences of owning and letting UK property. In addition, we can:

- arrange legal advice on the acquisition, ownership and disposal of UK property;
- provide accounting services for recording UK property activities and to deal with issues of compliance;
- arrange introductions to skilled and qualified property advisors, who, in turn, can assist in sourcing suitable properties for investment and assist with property management services;
- furnish suitable trust and corporate vehicles to achieve a tax-efficient ownership structure; and
- assist in arranging finance for the acquisition of UK property.

Indicative Bank Finance Summary

This summary is a basic guide to the purchase of UK residential property owned by a trust or company for the beneficial owner's own occupation or for investment purposes only:

Amount	Up to a minimum of 70% of an independent valuation.
Currency	The loan will be available for drawdown in Sterling or other major currencies.
Term	Either as interest only to five years or on a capital and repayment basis to 25 years
Security	A first legal charge over the proposed residential property. A personal guarantee from the beneficial owner may be required if the property is to be used as a residence for the beneficial owner.

Margin	<p>Own Occupation</p> <ul style="list-style-type: none"> - 500k to 1m rate: 1.00/UK base rate - 1m and above rate: 0.75/UK base rate <p>Investment</p> <ul style="list-style-type: none"> - 500k to 1m rate: 1.75/UK base rate - 1m and above rate: 1.5/UK base rate
Lending Fee	<p>0.5% for loans over 1m; and 1% for loans under 1m.</p> <p>Payable on acceptance of the offer (this fee may be shared with an outside introducer).</p>
Costs	<p>All legal and valuation costs incurred by the bank are for the account of the borrower. Valuation costs will typically be 0.08% of the property value.</p>

The above terms are indicative and for discussion purposes only and do not constitute an offer of finance. Any subsequent offer of finance that may arise will be subject to full due diligence by the bank, formal credit approval by the bank's credit committee, and satisfactory property and/or other asset valuations. Additional security or legal opinions may also be required. While all due care has been taken in the preparation of this summary, no responsibility can be taken for errors or omissions.

4 Business is positioned to help you streamline your UK property investments. For more information please contact your consultant or visit www.4business.com and apply directly online.

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