Deal or no deal?

The early Autumn months are used by the UK political parties to hold their conferences. It is an opportunity for leaders to rally the faithful and galvanise support. Mrs May had a tough time and commentators continue to dig over her credentials. A change of leadership at this time surely could not be a good thing.

The Brexit negotiations should be heating up now but both sides are increasingly pondering the prospect of not actually reaching a deal. At the same time Spain is contending with a Catalan divorce or at least some sort of separation. It seems that it cannot be long before Scotland tries again to ask a similar question. All this seems to indicate an increasing desire for self-determination.

We want to do our own thing.

Bring that down to the personal and financial level and we see desire for self-determination more and more. The days of a job for life with the gold watch at 65 and a company pension thereafter are long gone.

Increasingly clients are converting their company defined pension entitlements into a personal pension to enable them to flexibly determine their own retirement income. It is a complex matter but if you have a meaningful pension entitlement in a final salary pension scheme it could be a good exercise to review the options. Whether you should take the deal or not is something that we can assist you with. It is always worthwhile reviewing your pension and retirement plans, especially since the 2015 changes in private pension schemes which are discussed in this Bulletin.

We have a team of highly trained, qualified and experienced advisers who handle such matters day in day out. For guidance on all aspects of your personal financial affairs including pension transfers please do get in touch.

Stephen Tucker
Chairman and MD
Low market volatility has been one of the noticeable traits in 2017. A slow gradual climb higher in asset prices has suited most investors. However, commentators are becoming increasingly concerned about what happens when this period of low volatility ends. Equity markets have had a positive year. As we approach the end year, there are potential headwinds that could result in increased volatility.

There are definite potential political headwinds ahead. In the USA, President Trump continues to pursue tax reform although he is struggling to garner sufficient support in Congress. The recent US debt ceiling issue shows how fractured US politics is. President Trump agreed a deal with the Democrats, rather than with his own party, as part of Hurricane Harvey relief, to extend the debt ceiling for three months. How this debt ceiling issue is resolved in December could also provide some market volatility.

Outside the US, the ongoing Brexit negotiations between the EU and the UK could provide some market volatility, especially in Sterling. The German election results and the snap Japanese election could also contribute to volatility. Geopolitical events are also never far away from the headlines. The sabre-rattling from Kim Jong-un, the North Korean leader, has continued over the summer. Not unlike the “boy who cried wolf”, the market reaction also never far away from the headlines. The sabre-rattling from Kim Jong-un, the North Korean leader, has continued over the summer. Not unlike the “boy who cried wolf”, the market reaction also never far away from the headlines.

No small part of this reputation is due to Savile Row’s long and illustrious history. Tailors started to take up residence on the Row during the 1630s, before the street had even taken on its current name. Norton & Sons was founded in 1821, whilst other tailors like Davies & Son were established at the turn of the eighteenth century. Gieves & Hawkes can trace its roots back to 1771, when Thomas Hawkes set up a tailor’s shop catering to both London society and the British military. Henry Poole’s records commence in 1806, and show that by 1815 the firm was dressing a number of British officers that fought at Waterloo. The house can also lay claim to the invention of the dinner suit, when in 1865 the soon-to-be Edward VII commissioned a short, dark smoking jacket to wear during informal dinners in his private residences.

Every Savile Row suit starts life as a two-dimensional length of superfine suiting cloth, transformed over time to fit the customer precisely to his requirements. Association must conform to the above definition of a bespoke suit and much more besides. A Master Cutter must oversee the work of every tailor employed by a member house and all garments must be constructed within a 100 yard radius of Savile Row. Likewise, every member must offer the customer a choice of at least 2,000 cloths and rigorous technical requirements are expected. For example, jacket foreparts must be entirely hand canvassed, buttonholes sewn, sleeves attached and linings felled all by hand.

In such an environment Savile Row continues to grow, demonstrating its relevance and confidence, promoting British style and retaining its reputation as a global icon of men’s luxury.
**Important UK Tax Changes for Non-Doms**

When the reforms to how those not UK domiciled were to be taxed were dropped from the 2017 Finance Bill many breathed a sigh of relief. However, the snap General Election reintroduced the changes creating something of a ‘double whammy’ as the new taxes will take effect from 6 April 2017 – as originally intended – reducing the amount of time for those affected to arrange their affairs.

We are awaiting the Bill to be passed but this is something of a formality, so the main points to be aware of include:

- Anyone born in the UK with a UK domicile of origin who is UK resident in any tax year will be deemed domiciled in the UK for all tax purposes. Previously, only Inheritance Tax would have bitten here but these new rules will bring both Income and Capital Gains Tax into the equation too. Thankfully there are reliefs if you have not lived in the UK for the past two tax years.
- A long-term resident, even one who has a non-UK domicile of origin, who has been UK resident in at least 15 of the immediately preceding 20 years will be deemed domiciled for all tax purposes, Income, Capital Gains and Inheritance Tax included.
- The scope of Inheritance Tax will be extended to include UK residential property owned by foreign companies or, indeed, foreign trusts. Relevant loans connected to the UK residential property are included too.

Thankfully there are a number of reliefs available to help offset the new rules, and which may – in some instances – create a more beneficial tax treatment moving forward. Some of the loopholes are time sensitive so planning is as ever required.

The best course of action if you are concerned the changes will affect you is to review your financial affairs. For help and support please do get in touch.

**Pensions just got interesting**

No matter your age, it is important to review your retirement plan, especially since recent changes to pension schemes have come into play. Since April 2015, pensions have started to get interesting, with changes to private pension schemes meaning increased flexibility and the lowest interest rates in the history of the Bank of England. Our new vlog offers an overview of the current pensions world and the options available.

So if you are wondering how your pension fits with your retirement plan, the level of risk you should take and how your pension can be tailored to your individual circumstances please do take a look at the video on our Youtube Channel (The Fry Group) or contact us to be sent a link. Do get in touch with your Adviser if you would like to discuss your retirement plan in more detail.

**New Initiative to Tackle Tax Avoidance**

As part of the authorities’ ongoing programme to identify and tackle tax avoidance, a new initiative is set to come into effect from 2018. The Requirement to Correct (RTC) scheme will target tax avoidance, whether obviously intentional or accidental, and simply requires full voluntary disclosure to the UK taxman of any undeclared tax.

RTC is specifically concerned with undeclared UK tax related to offshore matters. For those with offshore interests it is vital to take action ahead of next year’s deadline – especially considering that penalties will be much harsher after the deadline than beforehand – perhaps up to 300% of the potential lost tax revenue. It seems likely that the authorities will also tap into other tools which have been put in place to identify tax avoidance, including the ability to exchange financial information with more than 100 other countries. To the right is a checklist of key points to consider.

Offshore cases might not be clear cut, so do seek professional advice if you are unsure. If you have complex offshore assets, are unsure of how much income you generate outside of the UK or simply need reassurance in terms of advice then please do contact us.

**Being Fraud Aware**

The growth of technology is relentless, far-reaching and powerful. It has revolutionised the way we gather information and communicate but such benefits can turn into vulnerabilities when in the hands of a fraudster.

You have probably heard of ‘phishing’, but what about ‘vishing’? Vishing is a phone call scam where the fraudster poses as a representative of a trusted company. In most cases they will try to gain personal and financial information in order to access an individual’s bank account. This type of crime is growing ever more lucrative and convincing alongside evolving technology, with criminals using techniques such as phone spoofing which will change the caller ID to a credible source.

When it comes to communicating with you via telephone, The Fry Group will never ask you for bank transfers, card details or pin numbers. If you are made to believe you must make financial decisions with urgency, it is likely that you are being scammed. The Fry Group will always work with you to make you feel comfortable that our requests are genuine. If you wish to confirm our identity on telephone calls, do not hesitate to ask if you can call us back.

Emails to you will not contain policy or product information unless attachments are password protected. We encourage our clients with investments to use our Wealth Platform portal for the transmission of electronic attachments as this is our most secure means of communication. If you would like further details, please speak to your Adviser.

**Moving money**

Transferring money internationally can be a challenge for those who are based overseas or travel regularly. Whether purchasing property, moving overseas, transferring a salary or pension or sending funds to a family member abroad, it is prudent to understand the best and most economical way to transfer funds.

When seeking a preferential transfer rate, the high street banks are rarely the most competitive point of call. We have referred many clients to Smart Currency Exchange due to its preferential exchange rates and a service that saves time and money on bank to bank currency transfers.

Smart’s Premier service is now available to all Fry clients, providing the same preferential exchange rates, but with personal solutions and an allocated currency consultant.

**Key points**

- Do I have any UK Income Tax, Capital Gains Tax or Inheritance Tax implications arising from offshore matters?
- How much income do I generate from outside of the UK?
- What assets do I have outside of the UK?
- What activities do I partake in outside of the UK?
- Have I had any offshore transfers?

With the guarantee of full privacy on all accounts and transactions, Premier services include:

- Foreign exchange planning
- Multi-currency account management
- Multi-destination currency payments
- Currency market reports prepared, delivered and interpreted by in-house specialist, Matt Bird

The service also includes the execution of any international transfers. We understand that many of our clients require a wide-ranging service, so whether your transfer is time-sensitive, investment related, or will be a regular payment, Smart Currency Premier is able to collaborate with you to create bespoke plans. For more information please contact your Adviser.
Offshore trusts – has the dust settled?

Summer 2015 saw proposals to dramatically decrease the opportunities for tax planning via the use of offshore Trusts and companies. However, two and a quarter years later, matters still remain uncertain and as recently as mid-September, new provisions were being introduced to further curtail potential loopholes. So, what should you consider?

Am I a ‘boomerang Brit’?  Any ‘boomerang Brit’ – someone with a British domicile of origin and born in the UK who may have set up a domicile of choice overseas – can still make gifts as they did. But, that is about it. The historic pattern of putting assets into a Trust before returning to the UK is gone forever.

Am I UK resident? There are two key moments at which you can consider whether an offshore Trust may be of benefit. The first is before you become a UK resident. The second is before you spend more than 14 tax years in the UK, at which point you are on the cusp of being deemed domiciled. This won’t affect any structures (except UK property structures) you set up before becoming UK domiciled, but once that deemed domicile door closes, it is closed for good.

What about my UK property owned by a company? The ultimate owner of the company will be taxed as if they held the UK property directly for Inheritance Tax (IHT) purposes. Then comes the decision as to whether to remove this “envelope” around the property or not.

What else can affect my Inheritance Tax (IHT)? Where you have assets other than property and (as the settlor) can potentially still benefit, the whole value of the asset will fall back into your estate for IHT purposes. This situation will stay that way unless you take some action. The second consideration is that the Trust will itself now fall into the normal Inheritance Tax net. This means a charge of up to 60% on the tenth birthday of each Trust and as capital assets leave the Trust.

Where IHT is concerned, it is not all bad. With average life expectancy now sitting at 82 years, it will often be more IHT effective to leave the money in a Trust than to unwind it. If you are interested in the Income and Capital Gains Tax aspects, do contact us for a copy of a recent article about this subject.

If you would like us to review your position, please get in touch with your usual contact.

On 14th September 2017, a new £10 note was brought into circulation in the UK featuring Jane Austen. 2017 is the 200th anniversary of Jane’s death, and although her works are now celebrated around the globe she did not live long enough to see many of her books in print. Our thanks to The Jane Austen Society UK who share here an overview of Jane’s short life:

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On 18 July 1817 Jane Austen died in Winchester, aged just 41. She was buried in the Cathedral where her epitaph makes no mention of her being a writer.

Jane was born in turbulent times in 1775 at Steventon in Hampshire, the 7th of 8 children of the Reverend George Austen and Cassandra Leigh. The Austens were a close-knit and remarkable family and Jane grew up in a lively and very male household. Apart from two brief periods at boarding schools she was educated at home. She was writing from the age of 12, entertaining family and friends with a variety of sophisticated pieces. Before she was 25 she had produced the 21 pieces that comprise the Juvenilia, Lady Susan, an epistolary novel, and the first versions of what became Sense and Sensibility, Pride and Prejudice and Northanger Abbey, then titled Susan.

In 1801 George retired and moved his family to Bath. Jane was unhappy there and seems to have stopped writing; she did sell Susan to a publisher, but it never appeared in print. Reverend Austen died in 1805 and the Austen ladies lived a somewhat unsettled existence. In late 1805 Jane spent a few months in newly fashionable health resort of Worthing, staying at Stanford Cottage and becoming an enthusiastic sea bather. Her final, unfinished novel even depicts an up-and-coming seaside resort in Sussex.

Stability returned in 1809 when Edward, Jane’s third brother, gave Jane and her sisters a home on his Chawton estate, back in Hampshire, where Jane began writing again.

In the eight remaining years of her life she revised Sense and Sensibility, Pride and Prejudice and Susan, which she had repurchased, and wrote Mansfield Park, Emma and Persuasion. She lived to see four of her novels published to some acclaim, though her name did not appear on the title pages. However, when Northanger Abbey and Persuasion were published posthumously, a biographical notice by her brother Henry revealed her identity.

Except for 12 years (1820 – 1832) Jane Austen has never been out of print, and her popularity continues to grow. Further recognition has come with her image appearing on the new £10 note, though the choice has proved controversial in some quarters. But Jane Austen understood the financial basis of life only too well and in this commemorative year it is a fitting tribute to a great writer.
Remembering Donald Elkin

It is with great sadness that we report the death of our former colleague, and Fry Director, Donald Elkin who passed away peacefully in June aged 79. Graham Jacobs, our former Chairman and MD, has kindly shared his thoughts of Donald’s time with Frys.

Donald joined The Fry Group (or Wilfred T Fry Taxation Consultants as it was then known) in August 1954. At the time the company was located in offices at 13 Buckingham Palace Gardens in a large Victorian terrace house, which was spread over five floors. Donald shared a small office in the attic alongside long-standing friend and fellow Director Gordon Rogers. In 1968 Donald was appointed manager of Frys’ second branch office in Exeter which steadily grew under his guidance and in June 1971 he was appointed to the Board. Donald’s next challenge was to create a new division of the company – the Executor and Trustee Department – now the Estates team. Donald was an unusual character as he always took great delight in technical issues and was never happier than when a whole new volume of legislation was placed in front of him with the challenge of reading, understanding and implementing the rules and regulations. Unsurprisingly the E&T Department grew into an important part of the business under his stewardship. When Worthing became Frys’ Head Office the decision was taken to ensure all Directors worked together so Donald relocated to Sussex to join the rest of the Board. By this time legislation was rapidly being introduced and Donald landed the major task of reading, digesting and implementing the complex and ever-changing regulations as our Compliance Officer. But Donald never lost his love of our core business – the taxation consultancy – and alongside his other activities found time to write highly regarded articles on all manner of tax related subjects for numerous publications including the Financial Times and its sister magazine Resident Abroad. Donald also contributed to this very Bulletin by way of the analysis of the annual Budget. He was a prominent member of the overseas touring team, and many clients will have met him on his visits to Africa, The Far East and Washington D.C. where he gave talks to the World Bank and the International Monetary Fund. Donald will be greatly missed by all his colleagues and clients who had the privilege of knowing him, and we send our condolences to his wife Joan and family.

Financial News by Email

For succinct and informative updates on important financial news do subscribe to our E-Bulletin service by emailing imogen.gardner-clark@thefrygroup.co.uk quoting “E-Bulletin Subscription Request”.

Offices in Worthing, London, Exeter, York, Cheltenham, Belgium, Spain, Hong Kong and Singapore.

Scalning the Heights

In September a handful of our UK team took part in the Invesco Perpetual Challenge to raise funds for the Youth Adventure Trust, a youth development charity devoted to empowering vulnerable and disadvantaged young people to achieve their potential. The Challenge saw the team heading to Wales where they hiked 27km to summit the triple crown of Snowdon, Glyder Fawr and Glyder Fach. Day 2 consisted of a 49km muddy mountain bike ride to Llyn Peris Reservoir on a mixture of roads, tracks and bridleways, followed by a stretch canoeing 5km across the Reservoir. It was an exhausting adventure!

The Fry Group is proud to have doubled the amount raised by the team, with the final donation totalling over £4,000. The money will be used by the charity to enable 3 young people to participate in the Trust’s 3 year programme by way of an outdoor youth development course.

Over the last 25 years, the Youth Adventure Trust has helped over 3,800 vulnerable young people, providing more than 27,000 activity days (including outdoor activities, music, arts, woodland and animation workshops). The vision is that these young people will be equipped to fulfil their potential, lead positive lives in the future and positively contribute towards society.