



## UK Property Investments for Non-residents

UK commercial and residential property remains an attractive asset class for non-UK investors but finding a tax efficient structure through which to invest has become more and more difficult in recent times.

The Optimus Enhanced Retirement Scheme ("OERS") removes the barriers that exist for UK property investment through traditional trust or corporate structures. OERS is a regulated retirement benefit scheme administered in one of the world's foremost financial services centres – the Isle of Man – by Optimus, a leading international provider of fiduciary services for more than 15 years.

### At a Glance

- Regulated structure & administrator
- Commercial & residential property assets
- Distribution of benefits available at age 55
- 100% of fund distributable
- No UK IHT
- No UK CGT
- Distributions paid gross from the Isle of Man
- Robust asset protection legislation
- First-rate service delivery

### How it Works

OERS is a regulated pension scheme and is administered with a view to making investments that will provide financial support to its members in retirement, which means at any time from age 55.

Almost anyone over the age of 18 can become a member of the scheme – it just requires completion of the application.

Once members have been accepted they will make contributions to the scheme in the form of cash, or existing properties or both. Sometimes these contributions are a one-off initial contribution, sometimes they are a series of contributions over time. Where existing property assets are contributed, Optimus will handle all the administration and paperwork to transfer the ownership to the scheme Trustee. Alternatively, the Trustee will use a cash contribution to purchase properties as instructed by the member.

Properties could be either residential or commercial or a combination of both.

Prior to taking benefits, Optimus will provide all administration and accounting functions required in holding the property investments.

At any time after age 55 members can start to take benefits from OERS (and benefits have to commence by age 75). There is no prescribed format to those benefits – for example, an entire property portfolio could be distributed to members, the income stream could be paid or assets realised and paid as cash.

In the event of death of a member, assets or cash will be distributed to their chosen beneficiaries without deduction of tax.

There are a few circumstances where property assets are not acceptable to the scheme under Isle of Man tax rules. Essentially this is where the member is deriving direct benefit from that asset, for example where the member is using the property rent-free.



No UK IHT  
or CGT



Flexi  
Access  
to benefits  
from 55



### UK Property Investments – Tax Considerations

The table below shows a comparison of how the major UK taxes apply to UK property holdings held directly, under a standard trust structure or via OERS.

OERS has a clear advantage, particularly over traditional trust structures, since it does not suffer inheritance tax (“IHT”) on either commercial or residential property nor does the non-resident capital gains tax charge apply to residential property investments.

Commercial Property	Personal Holding	Trust	OERS
Capital Gains Tax	<b>Yes</b>	<b>No</b>	<b>No</b>
IHT	<b>Yes</b>	<b>Yes</b>	<b>No</b>
Income Tax Rental	<b>Yes</b>	<b>Yes - reduced</b>	<b>Yes - reduced</b>
SDLT - in specie transfer	<b>Yes</b>	<b>Yes</b>	<b>No – contributions Yes - disposal</b>
Residential Property			
Capital Gains Tax	<b>Yes</b>	<b>Yes</b>	<b>No</b>
IHT	<b>Yes</b>	<b>Yes</b>	<b>No</b>
Income Tax Rental	<b>Yes</b>	<b>Yes - reduced</b>	<b>Yes - reduced</b>
ATED	<b>No</b>	<b>Exemption Possible</b>	<b>Exemption Possible</b>
SDLT	<b>Yes</b>	<b>Yes</b>	<b>No - contributions Yes - disposal</b>

OERS is tax approved in the Isle of Man under section 50C of the Income Tax 1970. That particular approval determines that any benefits paid will not be taxed at source and can be paid as a lump sum. In other words, at age 55 any of the income, capital or gains can be paid in full to members residing outside of the Isle of Man.

### Optimus & the Isle of Man

Optimus Pension Administrators Limited is a licensed retirement benefit schemes administrator, regulated by the Isle of Man Financial Services Authority (“FSA”). This means we have been through a rigorous approval process and are subject to ongoing regulatory supervision.

The Isle of Man Courts have a comprehensive legal framework of primary and secondary legislation to draw on for the protection of pension scheme members in the form of the Retirement Benefits Schemes Act 2000 and subsequent regulations. Further, the Courts can draw on UK precedent in other matters such as trust and asset protection law which is of particular relevance to many pension schemes.

In addition, each of our schemes is regulated in its own right and is required to submit regular reports to the FSA and undergo an independent audit annually.

Very few jurisdictions around the world can offer such flexible products from such a well regulated environment.