

# Ardan Account for UK resident



This guide outlines some discussion topics that a financial advisor could consider for holders of an Ardan account prior to them returning to the UK or while they are UK resident.

## **REBALANCING – PRIOR TO RETURNING**

An individual who is a non-UK resident is able to dispose of a chargeable asset without incurring a capital gains tax (CGT) liability in the UK. This allows a non-resident to dispose of any chargeable assets held within the Ardan account and re-purchase the same or different assets.

The advantage this has is that any future disposal as a UK resident will be based on any uplift since the assets were re-purchased and not the original purchase price.

**NB:** As loss relief can only be claimed on chargeable assets (i.e. where there would have been a CGT liability) clients could consider retaining assets that have no gain for future disposal when UK resident so that loss relief can be claimed.

A non-UK resident who is considering rebalancing prior to a move back to the UK should consider the timing of their move. The implications of split tax years could mean they are actually a UK resident.

## **INSURANCE PRODUCTS – ASSET RESTRICTIONS**

The personal portfolio bond (PPB) legislation applies restrictions on the types of property that can be held within a policy of life insurance or capital redemption as a UK resident. The same restrictions do not apply to an Ardan account.

Individuals considering a return to the UK could in-specie transfer property subject to the PPB property selection restrictions into an Ardan client account. The in-specie transfer is treated as a withdrawal from the policy and could be taxable in the jurisdiction of residence or treated as an excess under chargeable event rules if timing is not correct.

## **USING ALLOWANCES**

The allowances that are available for use include the personal savings allowance, dividend allowance and CGT annual exempt amount (AEA). It is not possible to carry any of these allowances over to another tax year. Therefore, if they are not used, they will be lost.

Clients could look to use the allowances each year. For example, the CGT AEA could be used to rebalance the portfolio or draw capital from the account.

Details of allowances can be found on page 2.

## **TYPE OF ASSET**

Different assets held within the Ardan account will distribute different types of income (dividend / interest). The Ardan account could hold a mixture of assets that pay income as both dividend and interest to make effective use of the available allowances and provide a regular income.

Certain assets may pay dividends that are free of taxation and others are free of CGT upon disposal providing certain conditions have been met. These assets include Venture Capital Trusts (VCT) and Enterprise Investment Schemes (EIS). Others such as those listed on the Alternative Investment Market (AIM) can help mitigate UK inheritance tax.

## **CLAIMING LOSSES**

CGT is only payable where a gain has been made on a disposal of a chargeable asset. If a disposal of chargeable asset results in a loss, it may be possible for loss relief to be claimed and used against a future gain.

### HOLDING ACCOUNT IN JOINT NAMES

Where an account is held in joint names, both account owners are jointly liable for any tax liability. Both account owners also have their available allowances available.

It is not possible for an existing account to be transferred from a sole ownership to joint ownership. However, it would be possible to open an account in joint names then transfer the existing solely owned assets into the joint account. The transfer between spouses is neither potentially exempt transfer (PET) nor is it a disposal for CGT purposes.

**NB:** It may not be possible for a new application to be setup while resident in the UK. Therefore, this will need to be considered before returning to the UK.

### APPOINT BENEFICIARIES

Assets transferred directly to a beneficiary upon death are not subject to CGT. Therefore, the beneficiary is deemed to have acquired the assets based on the value at the date of death.



### IMPORTANT NOTES

For financial advisers only. Not to be distributed to, nor relied on by, retail clients.

The tax treatments and information contained in this document are based on our understanding of current tax law and HM Revenue and Customs (HMRC) practice and may be subject to change in the future. This information is not intended as a substitute for legal or tax advice.

The table show the current allowances available for use against interest, dividend and capital gains within the Ardan account. The figures represent total allowance from all sources of income.

Current and Future Tax Allowances			
Tax Year	Personal Savings Allowance*	Dividend Allowance	CGT Annual Exempt Amount
2022/2023	£1,000 / £500	£2,000	£12,300
2023/2024	£1,000 / £500	£1,000	£6,000
2024/2025	£1,000 / £500	£500	£3,000

\* The personal savings allowance is only available to basic rate taxpayers (£1,000) and higher rate taxpayers (£500).