

# wknews

## Welcome

Welcome to the Summer 2011 edition of WK News, covering general news which we hope will be of interest to all. Also covered are the developments here at Wilkins Kennedy, as we constantly evolve to meet your needs, now and for the future.

Prevailing economic conditions seem to be as changeable as the English weather, according to our Round Table meetings, indicating glimmers of summer for some, but stormier times ahead for others. As well as summing up the feedback there, we discuss HMRC generally turning up the heat on late returns and tax payments, and why you need to be sure you're on time with returns and payments in future.

Finally, we take a look at ownership protection insurance, in the light of the Legal and General/loD research, which found that 33% of businesses have no provisions in place to protect shares in the event of the owner's death.



## HMRC Gets Tough on Late Returns

With the now full adoption of digital processing for both submission and payment transactions, it is clear that HMRC are getting serious about efficiency. While this may make for faster and easier processes, 'wiggle room' is vanishing, and shrugging off relatively minor penalties for non-compliance will become increasingly difficult, both for VAT and Income Tax, with potentially swingeing penalties for offenders from 2010/11 onwards.

### VAT Electronic returns.

From 1st April 2012 all VAT returns will have to be filed online and all VAT due paid electronically regardless of size of the business.

NB: It has been reported that mistakes have been made and penalties applied in respect of electronic payments to HMRC. A grace period of seven days applies where VAT is filed online, such that funds may be received by HMRC on 7th of the month following the usual deadline. This means that they must **receive value by that date:** merely making payment by that date may not be sufficient, as three or even four **banking** days may be necessary for value to be transferred.

We have received reports of one trader recently receiving a penalty of over £24,000 for being 2 days late with their payment (i.e. they paid on the 7th but it did not clear until the 9th!). Make sure you don't get caught the same way. If you are for some reason pushed to the final day, either direct debit payment, or electronic funds transfer (at a relatively minor cost) provide means of effecting payment on the day.



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CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS

# From 1st April 2012 all VAT returns will have to be filed online and all VAT due paid electronically regardless of size of the business.

## Penalties for late VAT returns and payments

A new penalty system is to be introduced in 2012 (the precise date is yet to be set), whereby penalties will be applied for the late filing of a return, **irrespective** of whether any VAT is actually due (i.e. penalties will still be applied for late filing, even if there is a refund due).

### 1) Returns

Late submission of quarterly returns will result in penalties as follows :

- **1st Warning (and enters 12 month penalty period) then**
- **2nd £100 penalty**
- **3rd £200 penalty and so on up to £400 per return**

Furthermore additional penalties will be applied at 6 months and 12 months overdue based on the liability, plus further penalties for those who “deliberately” withhold returns of up to 100% of any liability.

### 2) Payments

Late payment will result in penalties as follows:

- **1st No penalty, but starts penalty period (enters 12 month penalty period) then;**
- **2nd (in the next 12 months) 2% of tax due;**
- **3rd 2%; 4th 3%; 5th and subsequent 4% of tax due.**

Note that the existing regime, under which penalties are only expressed as percentages of VAT due, means that there is no incentive to submit returns on time where little or none is due. The late returns penalties mean that this will no longer be the case.

## Other VAT Points of Note

### Registration limits

From 1 August 2012 UK registered companies without a UK trading address will see the threshold for VAT registration reduce from £73,000 to Nil.

## Flat Rate Schemes

The 20% VAT rate which came into effect on 4th January 2011 has affected the application of flat rate VAT schemes, which can be optionally adopted by businesses with turnover of less than £150,000. As for other businesses, these firms must charge their customers the higher VAT rate of 20%, but in their VAT accounting, apply the new flat rate applicable for their business category (which has also been revised upwards).

Anyone adopting this scheme should note that it requires VAT (at the flat rate) to be accounted for on just about all sources of business income (except bank interest) and includes items such as rent, and the sale of business assets (including motor cars: it appears that if capital allowances are claimed on an asset, then it is deemed to be a business asset).

### Partial exemption

There has been a change in one of the two conditions of the application of the de-minimis rules for partial exemption calculations. The £625 per month limit continues to apply, however the second condition has now changed to “exempt supplies made are no more than taxable supplies made” i.e. it is gauged on income, whereas the old system looked at expenditure. This will be especially helpful for businesses that have property rental, and incur large costs on buildings, such as renovations and maintenance.

## Self Assessment Tax Returns – More and Stiffer Penalties

HM Revenue and Customs (HMRC) has warned taxpayers that the penalty for filing late tax returns is to rise significantly. The old fine of £100 is to be replaced because, the tax authority says, the previous penalty rate was not enough of a deterrent.

The new penalty regime for late filing and late payment of self assessment tax started in April 2011 and applies to the tax year 2010/11. Notices and paper returns include information on the new framework and how it significantly increases. For example, a tax return filed six months late could attract a penalty of at least £1,300.

HMRC's Stephen Banyard said: “The vast majority of people don't have to pay penalties because they send in their return and pay on time. But there are always a small number of people who have avoided filing or paying on time. HMRC spends a lot of time pursuing late returns and getting involved in unnecessary appeals work.

“We want to focus our resources on more productive work such as catching criminals and collecting tax. The old £100 penalty was not

much of a deterrent and these new penalties, which increase over time, will get people to submit returns as soon as possible. Basically the greater the delay, the greater the penalty.”

Currently, self assessment tax returns must be filed on paper by 31 October or online by 31 January, with any payments due made by the end of January.

The new penalties for filing self-assessment tax returns late are:

- **One day late will mean an initial penalty of £100, even if there is no tax to pay or all the tax owed has been paid.**
- **Three months late will mean an automatic daily penalty of £10 per day, up to a maximum of £900.**
- **Six months late will mean further penalties, which are the greater of 5 per cent of tax due or £300.**
- **Twelve months late will mean yet more penalties, which are the greatest of 5 per cent of tax due or £300. In serious cases, there could be a higher penalty of up to 100 per cent of the tax due.**

Penalties for late payment of tax are:

- **Thirty days late will involve an initial penalty of 5 per cent of the tax unpaid at that date.**
- **Six months late will involve a further penalty of 5 per cent of the tax that is still unpaid.**
- **Twelve months late will involve a further penalty of 5 per cent of the tax that is still unpaid.**

These penalties are on top of the interest that HMRC will charge on all outstanding amounts, including unpaid penalties, until the payment is received.

**For further information contact the tax team at your local Wilkins Kennedy office.**

# What you need to know about iXBRL

## Background

From 1 April this year it is compulsory for almost all limited company accounts, CT600s (company tax returns) and the supporting tax computations for accounting periods ending after 31 March 2010 to be filed in iXBRL format.

There are very limited exceptions to this, the main one being for “smaller” charities (that is, one where, together with any wholly owned subsidiaries (companies owned by the charity), the combined income does not exceed £6.5 million for the accounting period). For these, the CT600 has to be filed in iXBRL format, but the accounts can be submitted as a PDF file.

## What is iXBRL?

inline eXtensible Business Reporting Language is a computer-readable format that can also be read by people – rather like the HTML code that is used to write and display web pages. The information in the accounts, such as the company name, the figures in the profit and loss account, and so on are “tagged” to enable the data to be captured electronically.

## Why the change?

In 2006, the Carter Report recommended that all tax returns should be filed electronically. The Government accepted the Report. This is the implementation of that recommendation for companies.

## Who benefits?

HMRC will see cost savings as it saves the time currently spent manually keying-in accounts and tax returns. This automated data collection should also help them target tax enquiries at companies that deviate from the norm. There is no benefit to the taxpayer and most will actually see their compliance costs increase.

## Surely my accountants will take care of this for me?

In many cases, that will be true. Where your accountants prepare your annual financial statements using appropriate software, most of the software houses have upgraded their

packages to allow for the accounts to be converted to iXBRL format. However, the conversion process is not 100% accurate, and extra time may be needed to ensure that the iXBRL file is fully compliant.

If, however, you prepare the accounts yourself in, for example, Word, someone has to convert these into iXBRL format. This is also true if your accountants produce the accounts but do not use software that will produce an iXBRL file.

Various companies offer to carry out this conversion, and this is a service that Wilkins Kennedy provides. If you would like further details of this service, please speak to your usual contact at Wilkins Kennedy to discuss your requirements.

There is a further hurdle for quoted companies as their auditors are prohibited from assisting with the conversion, and so third parties will need to become involved here. Wilkins Kennedy can help in these circumstances and also where accountants do not have their own iXBRL file conversion software, or routines.

## Does HMRC provide software?

They do, but it is limited in capability and only suitable for small companies. It is quite a laborious system to use but, for very small, unrepresented companies, this may be a possible workable solution.

## Is anything else changing?

For the first year of implementation, HMRC has said that it will adopt a “soft landing” approach. This means that, provided you have made a good effort to get your accounts and tax return into iXBRL format and you have succeeded in filing them online, they will not impose penalties for incorrect or missing “tags” (the detailed naming elements) in iXBRL files.

During the first two years (so up to 31 March 2013), only a limited number of tags (from a list of around 1,250) have to be applied. However,

from 1 April 2013, the full set of tags for UK accounts (some 6,500 possible items) will need to be applied.

Companies House are also modifying their systems to allow for iXBRL accounts to be filed online, and this will also become mandatory from 1 April 2013.

## Action needed

If Wilkins Kennedy are acting for your company, producing your accounts and tax returns in our software, then there is no need for action on your part.

If your accountants produce your accounts and tax computations in software that automatically generates an iXBRL file, there is probably no action needed by you.

Where you currently produce accounts in-house in, for example, Word or Excel, it may be worth seeing if your accountants can deal with the accounts production process and generate the iXBRL file automatically for future periods.

However, if your accounts will continue to be generated outside of a system that produces an iXBRL file, or your accountants do not offer an iXBRL service, please talk to us about how we can help you.

**For further information contact the tax team at your local Wilkins Kennedy office.**



# Business Owners: Minimising Your Tax Bill

Someone running their own business in this country has three basic means by which they can pay themselves out of the profits of that business. They can simply remain registered as a self-employed sole trader, or they can set up their own company, in which case they have two further routes: payment as an employee, by way of a director's salary; or by the distribution of dividends (or indeed, some combination of the two).



UK, with no tax at all being payable for the first £7,475 of annual income (the PAYE tax threshold), and only 20% being payable up to £35,000. Earnings above that are taxed at 40%, up to £150,000, with earnings over £150,000 being taxed at 50%.

The business owner hoping to earn much more than £35,000, therefore, will usually find that the limited company route is the most tax-effective option, as it gives access to the dividends payment scheme, and dividends are taxed under a less progressive regime which does not increase to such high rates.

**Generally speaking, business owners will benefit most by taking their remuneration in a tax-efficient blend of dividends and salary.**

involved, there will be a different 'ideal' mix of the two for just about every company, not least because tax is not the only issue involved, but we can at least outline the main factors at work.

As with the sole trader, the director's salary will be subject to Income Tax, including the tax-free allowance of £7,475, and under almost all circumstances, this should be utilised at least up to £7,225, the level at which employees have to start paying National Insurance Contributions (NICs).

NICs are paid both by the employer and employee, employer's NICs kicking in at £7,072, at a rate of 13.8%, and being payable at all payment levels above that. Employee's NICs become payable at a slightly higher annual earnings level of £7,225, at a rate of 12%, which applies for earnings up to £42,475, above which, it falls away to 2%.

The director owning 100% of the company, therefore, will be paying a maximum marginal rate of 25.8% in NIC against a salary in the range of £7,225–£42,475, with 12% coming out of salary, and 13.8% out of the profits of the company. As the salary level rises, the total proportion will drop, as the lower employee's NIC rate applies. Thus, for example, a director paid £70,000 would pay a total for both NICs of £13,465, or about 19.2%; for £90,000, 18.5%.

In the following article, any rates and thresholds mentioned are those applicable for the tax year 2011-12.

## The Sole Trader

The sole trader simply pays Income Tax under the self-assessment scheme, which allows for much the same accounting as for the limited company, but without many of the more onerous reporting requirements, or costs of employment, such as Employer's National Insurance Contributions (note that contributions do need to be paid, but under different schemes, with differing benefits beyond the scope of this article). Income Tax is the most progressive of the tax structures in the

## The Company Director

The owner/director of a limited company, therefore, has two available routes to access her or his company's revenues: issue dividends, a director's salary or bonus (the bonus would be taxed as part of the PAYE system, and thus is accounted for as salary), or some combination of the two.

## Dividends vs. Salary

Generally speaking, business owners will benefit most by taking their remuneration in a tax-efficient blend of dividends and salary. Tax is paid on both forms of income, but with differing thresholds and rates. Due to the many variables

This, of course, is in addition to the Income Tax liability.

Dividend, which is only payable out of profits remaining after tax, is automatically received by the shareholder with a 'tax credit' of 10%, to take account of the Corporation Tax already paid on it. The same thresholds apply as for Income Tax, and after application of the tax credit, the effective rate of tax on dividends for higher rate taxpayers (who would pay 40% Income Tax) is 25%, and for additional rate taxpayers (who would pay 50% Income Tax) 36.1%. Basic rate taxpayers have no further tax to pay.

On the face of it, the salary option seems a poor one for salaries above £7,225, except that salaries (together with employer's NIC) can be offset against taxable profits in the company, thereby reducing the business owner's Corporation Tax (CT) bill. For companies earning taxable profits of up to £300,000 for the year, CT is 20%, rising to 26% for companies earning over £1.5m. Obviously, the higher the CT rate, the greater the effective saving when salary is offset against taxable profit.

### Settling on a Tax Strategy

HMRC will challenge any tax planning arrangements that seem to have been put in place purely for the purposes of avoiding tax, and even if you believe you can survive the challenge, it is always wise to avoid such attention. Therefore, making short term, ad hoc arrangements to suit emerging situations is not advisable for tax planning purposes, and the answer is to develop a tax strategy that is likely to minimise your liability over the medium term. It will not be contentious to evolve such a strategy over time to better accommodate, for example, growth in the business, but this must be done carefully, applying a consistent business logic.

Such a strategy should include:

- **Minimum short term remuneration needs (e.g. to meet mortgage payments)**
- **Any other sources of income that may affect, for example, the director's income tax banding.**
- **The shareholding structure within the company**
- **Any spouse's or partner's tax situation (e.g. is there income available to be used below the threshold?)**
- **The director's pension plans**
- **Any further income tax allowances that may be available.**

The dividend route for profit extraction can be inflexible where there are other shareholders involved, who may prefer not to receive dividend, or where there are inadequate reserves of distributable profit.

Moreover, where the director owns less than 100% of the share capital, benefits such as CT offset are reduced accordingly, and if the director holds only a minority stake in his company, he may have almost no say in the timing of dividend payments at all.

These are just some of the reasons why a director may pay himself a significant salary even where it is not currently the most tax efficient method.

We have not covered pension planning in this article, but the benefits that can be generated through a director's remuneration package add a further layer of complexity to the question of efficient tax planning; nor have we covered partnership, and the tax planning opportunities that may arise involving spouses, for example.

We have also not covered the various tax allowances available through the PAYE system, nor the different timing of payments under the various tax systems, as in both cases the effects are marginal.

Finally, we have also steered clear of IR35 companies, where someone who might otherwise be deemed an employee sets up a company to act as intermediary between them and the company, and pays themselves tax-efficient dividends, rather than a salary. Legislation was enacted in 2003 to counter this, and the area is too complicated to cover here, but should you have any interest or concern about this area, please do not hesitate to contact us.

However, we hope that we have given a good indication of the importance of comprehensive tax planning, and that for all the myriad of alternatives available, Wilkins Kennedy can give you the very best and most up-to-date advice. If you have any questions at all, or would like to arrange a discussion on the topic, please call contact:

**For further information contact the tax team at your local Wilkins Kennedy office.**

## Qs & As

**Q A company owes me money. They have told me they have ceased trading but are not going into liquidation. Can I have them wound up?**

**A** Provided they owe you more than £750, and the debt is not disputed, you may petition the court to have the company placed into compulsory liquidation. The cost of all this is likely to exceed £1,000, and may be quite a bit higher, so check the guidance offered by Companies House, and seek professional advice, such as that offered by us here at Wilkins Kennedy.

**Q When do I have to register for VAT?**

**A** If you are a business and the goods or services you provide count as 'taxable supplies' (most goods and services fall into this category), looking back 12 months and 'forward 30 days' re: turnover exceeding £73,000.

**Q How do I get registered as a charity?**

**A** For an organisation to be recognised as a charity, its purposes must be wholly charitable, and established for the public benefit. Charities with an annual turnover in excess of £5,000, or wishing to employ people or purchase property, must register (and comply) with the Charities Commission, whilst smaller charities can evidence charitable status by registering with HMRC.

**Q When should I incorporate a ROT clause in my contract?**

**A** 'ROT' stands for 'Retention (or Reservation) of Title', and if possible you should insert such a clause in any contract where you would want to retain legal ownership of goods right up until full payment has been received from a buyer. Such a clause is also sometimes referred to as a 'Romalpa' clause, after a landmark UK case.

Note that it will also be necessary to be able to identify your goods, or you won't be able to effect reclamation, should worst come to worst. It's an important protection of your interests, especially in tough times when customers going bust is a distinct possibility. Check out our Spring 2010 newsletter for a detailed explanation.

# WK Round Tables

Wilkins Kennedy Round Tables are held periodically, providing a sounding board for trends and opinions from business leaders across a wide range of organisations in the South East. Here we collect some of the key outputs in recent months:



## Budget 2011

Generally, the Round Table following the Budget was underwhelmed by Chancellor George Osborne's attempt to restore confidence, seeing the 1p cut at the petrol pumps as headline grabbing with no significant impact, and dismissing the proposed merging of National Insurance and Income Tax as impracticable, and unlikely to ever be enacted.

The most warmly received measure, perhaps unsurprisingly, was the cut in corporation tax, which beyond the obvious, would also encourage inward investment from overseas. In general, attendees would have liked to see more support for the small businesses that are the backbone of the wider UK economy.

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## Mixed Views on Economic Outlook

In earlier Round Tables this year, the South East was generally felt to be weathering the economic downturn perhaps better than other areas of the UK. In Hampshire, members attributed this resilience to the types of businesses in this area, which include a high proportion of high-tech manufacturers, defence related operations, and maritime industries. In the building and construction sector, too, Hampshire was felt to be performing well, with Winchester being singled out as a city where demand is outstripping supply. In Berkshire, recovery in manufacturing and service industries was detected, though a flourishing black (i.e. cash) economy was undermining some of the gains in the service sector. Meanwhile, the most recent Round Table meeting, in Kent, saw tentative signs of recovery in the construction sector, in the re-opening of mothballed sites, and increased activity generally, whilst an increase in expenditure by businesses on marketing and communications seemed to indicate improving sentiment.

However, the sprinkling of positive news across South East was tempered by difficult times in other sectors, whose gloomy prediction was that a double-dip recession is to descend on Britain before the end of the year. Here, a large majority agreed that a 'toxic trio' of banks' reluctance to lend, the scale of crown debt weighing down balance sheets of firms across the region and hefty public sector cuts meant a return to recession was 'almost inevitable' this year.

Inflation in food, petrol and utilities is likely to hit hardest those sectors where consumer expenditure is discretionary, such as catering and leisure. The imminent arrival of £1.50-a-litre diesel is likely to hurt business across the board, and most particularly the transport sector. However, at least one Round Table pointed to the 'double whammy' of such inflation adding to the pressure for a hike in interest rates towards the end of the year or early 2012, increasing finance costs and decreasing consumer expenditure.

**Speakers poured cold water on government claims that the private sector would create enough jobs to absorb the public sector losses, forecasting instead a sharp contraction in employment**

In Kent, the recent announcement by Pfizer to close its research and development facility in Sandwich, with the direct loss of 2,400 jobs, and as many likely amongst contractors, added to the gloom. Though it was hoped that investment by Vestas, the wind turbine manufacturer, could almost replace that loss, the decision has not yet been finalised, and its effect would be far from immediate.

The problem of banks' reluctance to lend was raised at more than one Round Table, with the feeling generally being expressed that banks are still not helping businesses as much as they could, and were now being too cautious after being too generous in the past. Offers of loans at twice the personal loan rate, or even complete unavailability (despite years of successful trading), were cited. As a member at the table pointed out, these days every company should have more than one bank.

The effect of the lack of finance was that there were sectors where potential growth was being stifled, at a time when it was desperately needed for the wider economy. However, one finance expert did point out that many companies were not taking advantage of other, more creative forms of finance, such as invoice financing, which might provide a route for companies with growing sales ledgers.

The problem of growing sales ledgers (without growing sales) was also raised elsewhere, whereby small firms are facing ever-lengthening payment delays, with one business reporting 120 days as commonplace. A company otherwise performing satisfactorily can thus be endangered by another company's cashflow problems.

Another restriction on growth was felt to be the perennial problem of red tape, particularly in the area of employment (e.g. documentation requirements for work experience), but also more generally for young companies trying to focus on growing their business.

Speakers poured cold water on government claims that the private sector would create enough jobs to absorb the public sector losses, forecasting instead a sharp contraction in employment. In addition, it was proposed that former public sector workers might experience difficulty adapting to working in a commercial environment. This was felt to be due to the working style and attitudes that pervade much of the civil service and local government services.

#### Faint Causes for Optimism

HM Revenue and Customs was cited as a positive factor in the otherwise tough environment, their attitude being seen to have

helped some companies in recent times. In particular, due to HMRC's more flexible attitude over outstanding tax and repayments many smaller companies have been able to survive potential insolvency.

There was also a glimmer of optimism, as most agreed that there were opportunities out there, not least in the digital sector, where strong growth was expected. However, they tended to be smaller contracts, and firms had to fight harder to secure them.

Generally it was felt that well-run companies that focused on their fundamentals, understood their markets and exploited niche opportunities were best placed to prosper in 2011. The need to retain a positive attitude, and avoid 'talking ourselves into recession' was exhorted, with the challenge being to react to change and adapt (an attitude no doubt more easily adopted by those in less threatened sectors).

One group hesitantly put a three- to four-year timescale on the recovery, where it was remarked that businesses that did survive the long haul would find themselves in an incredibly strong position for the future.

Finally, in the July round table in Kent, Adam Merrett, a partner in Wilkins Kennedy, reminded guests that despite the UK's poor

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performance in the first quarter of the year, relative to most of her European neighbours, recent economic forecasts predicted that this situation should reverse, leaving the UK outstripping Germany, the eurozone's strongest performer. "While the media can paint a very black picture of these things, I actually prefer to have a glass half full view", he said.

**For details of the next Round Table or to attend, please contact Claire Peers on [claire.peers@wilkinskennedy.com](mailto:claire.peers@wilkinskennedy.com)**



# Ownership Protection Insurance

What happens if a senior director or partner in a business dies unexpectedly, or suffers a critical illness? In particular, what impact would such an occurrence have on the other directors or partners in the business?

A company's Articles of Association deal with the issues of transferring and selling shares, and in most cases the deceased or critically ill shareholder's shares pass to their beneficiaries, who obviously have a right to their inheritance.

From the company's perspective this means that not only do they have a new shareholder, but that the new shareholder will benefit from the payment of any dividends according to the percentage of shares held which could be significant. In addition, it may be unlikely that the beneficiary has adequate commercial experience in their field of business, and so that shareholder will add little or nothing to the running or profitability of the company.

Worse still, it could also mean that the shareholder's estate might sell their shares to a third party who the company might not want to be in business with – possibly even a competitor.

From the beneficiaries' point of view, the shares might give them some revenue, but this may be less than ideal without control of the profits of the business, on which they may be relying for income. In addition, if there are no natural buyers for the shares, they may have no means even of selling them.

The likelihood is that the surviving shareholders will want to retain control of the company, and this eventuality may already be covered by the company's Articles of Association. Many

companies adopt a pre-emption clause in their Articles of Association which allow the shareholders the right to buy the shares of the deceased or critically ill shareholder.

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However, the amount of money required could be substantial, especially if the company has grown quickly, and the surviving shareholders may not ordinarily have the necessary funds. In this case, of course, the shareholders or the company may seek to borrow from banks, but not only can this create a large debt for the company, but the banks can be reluctant to lend if they feel that the deceased or critically ill shareholder was key to the running of the business.

Ownership Protection Insurance provides the funds required to the surviving shareholders or

the company to buy the deceased's stake in the business. Such protection ensures the surviving owners remain in control of the company and the beneficiaries realise the values of the deceased's business interest.

This form of insurance may also be referred to as director, partnership or shareholder protection insurance.

## How it Works

The insurance is essentially the collection of life and (usually) critical illness policies taken out on each shareholder or partner, and written under trust for the benefit of the other shareholders or partners. In this way, any proceeds will avoid forming part of the deceased's estate, and thus will not be subject to a potential inheritance tax liability, nor become embroiled in any legal wrangles that might delay distribution of the estate.

The premium calculation equation will generate different premiums based on age and other life factors for each shareholder, overlaid by the effect of different relative shareholdings. Directors or partners then pay their own premium (or the company can pay them, though this will give rise to a taxable benefit in kind). Should the policy pay out, the proceeds are usually tax-free.

**For further information contact your local Wilkins Kennedy office.**

## Offices at:

London, Amersham, Ashford, Egham, Guildford, Hertford, Orpington, Reading, Romsey, Southend-on-Sea, Winchester, Falkland Islands

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