

For customers

# Benefits of investing offshore

There’s a common misconception that offshore investments are either ‘dodgy’ or only for the really wealthy. Neither are true. As more and more investors recognise the tax and investment advantages, offshore bonds are becoming much more of a mainstream investment.

There are a number of reasons why you might want to invest in an offshore product. Here’s a summary of the key benefits.

Feature	What this means	Benefit to you
<b>Tax control</b>	<p>You can choose when you have to pay tax on any gains you make.</p> <p>It’s possible to assign your investment to either a spouse or adult child who may be a non-taxpayer or a starting or basic rate taxpayer without an income or capital gains tax liability occurring.</p> <p>Time apportionment relief can be used to reduce gain proportionately for any period of time you were a non-UK resident during the investment period.</p>	<p>This could save you money if you choose a time when you’re not a taxpayer, have moved from a higher rate taxpayer to a lower rate or basic rate taxpayer, or you move to another country where taxes are lower.</p> <p>The person cashing in the investment may have a lower income tax liability than you would have done, depending on their marginal tax rate. It’s important that the bond is genuinely gifted for this to work.</p> <p>This could save you money as your tax liability would be reduced.</p>
<b>No capital gains tax (CGT)</b>	<p>You can switch between assets without triggering a CGT liability.</p>	<p>Tax may be paid later than if you invested directly into an actively managed portfolio of unit trusts, for example.</p>
<b>Access to your money</b>	<p>You can withdraw money at any time on a regular or one-off basis. You can even take 5% of your original investment each year for 20 years without an immediate tax liability. There are charges for some withdrawals.</p>	<p>While you should view your investment as medium- to long-term, you can still access some of your money if you need to – at a time that suits you.</p> <p>The 5% withdrawals don’t affect your entitlement to age allowance.</p>

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<b>Self-assessment friendly</b>	Offshore bonds are non-income producing so no self-assessment entry is required until a chargeable event occurs – for example if you take out more than 5% of your original investment each year or you fully cash in your bond.	Keeping your investment in one bond can save you time and money and avoids the burden of keeping multiple records.
<b>Greater investment choice</b>	Generally offshore offers access to a range of assets not available on an onshore bond.	You and your adviser can build a cost-effective portfolio from a vast choice of investments, no matter what your risk profile or investment objective is.
<b>Institutional buying power</b>	Many providers are able to negotiate preferential terms on the assets available for investment.	This saves you more money than if you invested direct.
<b>Virtually tax-free growth</b>	Your investment won't be taxed year on year (like an onshore bond), apart from some withholding tax that can't be recovered on certain funds.	More of your money is building up over the term.
<b>Inheritance tax planning</b>	You can choose to put your investment in trust. This can help reduce, or avoid, taxes that have to be paid when you die and pass on your wealth.	Any benefits payable go to who you want them to, not the taxman.

This information is based on our understanding of current taxation law and HM Revenue & Customs practice, which may change. The amount of tax relief you'll get depends on your financial circumstances.

Please be aware we don't guarantee these benefits and the value of any investment may go down as well as up.

This is just a summary of the features and benefits of investing offshore. Speak to your financial adviser if you want to know more.