

Assured Fund secures distributor status

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Assured Fund, a traded life settlement fund managed by Policy Selection, has been granted distributor status by HM Revenue & Customs.

This means high earners can avoid paying income tax at up to 50 per cent on profits from their investments if they choose the fund.

In order to be classified as a qualifying or distributing fund, 85 per cent of a fund's UK equivalent profits or accounting income needs to be distributed.

Previously the returns to UK investors on the disposal of their shares in Assured Fund have been taxed as income, which for 2008/09 was at 40 per cent on income greater than GBP34,800 (rising to GBP37,400 in 2010). For 2010 this becomes even more relevant where an additional higher rate band of 50 per cent is applied to income over GBP150,000.

With the new distributor tax status, returns will be taxed as capital gains at 18 per cent for 2008/09 and 2009/10.

'In other words, the high earners finding themselves in the 50 per cent bracket when the new law kicks in from 2010 will be able to pay tax at just 18 per cent on gains from our fund - as opposed to 50 per cent on profits from other non qualifying investments,' says Assured Fund's Andrew Walters.

Investors may now offset their CGT annual exemption amounts against any gains, which for 2008/09 was GBP9,600 and for 2009/10 is GBP10,100 which to some investors may mean there is the potential of little to no tax to be paid on the realised gain.

Assured Fund will shortly complete a new eurozone tax structure in order to ring fence investor returns from impending US tax legislation affecting traded life settlements.

The new initiative sees the company move its assets from its offshore Cayman base to Brussels, Belgium, in order to utilise dual taxation treaties between Belgium and the US.

It is understood that American IRS (Internal Revenue Service) Withholding Tax legislation will apply to all policies purchased after 26 August 2009.

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