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## THE PERSONAL TAX PLANNING REVIEW

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## From the Editors

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### EDITORIAL

This Summer edition of the *Review* should make enthralling holiday reading – a perfect accompaniment to some fun in the sun!

In the first article the Consulting Editor, Robert Venables QC, grapples with the implications of section 10A of the TCGA 1992 for trustees, their settlors and beneficiaries. Have you ever considered, for example, whether section 10A could affect the residence status of a settlement for capital gains tax purposes, or the problem it causes for temporarily non-UK resident settlors and the solution contained in section 86A? If not, or for an interesting and thorough refresher, read on!

The second article comes from one of the Joint Managing Editors, Peter Vaines, and considers the position of “mobile workers” in the light of the Inland Revenue’s Press Release of 2nd February 2001. The substance of the Inland Revenue’s new approach appears to be to regard individuals who make regular trips abroad in the course of their work as remaining resident in the UK, but is this correct, and how is the new approach to be applied in specific cases?

In the third article Julian Ghosh highlights a potential problem in relation to earn-out rights to be satisfied by the issue of loan notes. Julian explains that, although an earn out right which reflects a “wait and see” valuation of the shares sold poses no problem, there is a technical objection where the earn out right reflects an allocation of future profits. In this latter case taper relief appears not to be available. The point has never been taken by the Inland Revenue, but is there a lurking trap here?

The next article comes from Sarah Dunn, one of the new recruits at Pump Court Tax Chambers. Sarah looks at the transitional rules applying to pre-1991 non-UK resident settlements between 17th March 1998 and 6th April 1999. In particular she addresses the question whether losses realised during this transitional period should be available to set against gains accruing to the trustees in 1999/00. While the Inland Revenue appear to take the view that they should not, Sarah explains why she considers that the Inland Revenue’s view must be wrong.

The fifth article is by a long standing and regular contributor to the review, Ralph Ray. The UK's inheritance tax legislation can be very favourable for non-UK domiciled individuals, even those habitually resident in the UK. However, as with all tax planning, care is needed if savings are to be achieved. In his article "UK as a Tax Haven for Individuals Domiciled Abroad" Ralph guides us through some potential pitfalls, and warns us of a possible important change in the attitude of the Capital Taxes Office towards the application of the gift with reservation of benefit rules.

In the final article in this edition of the Review the Assistant Managing Editor Elizabeth Wilson considers the impact of the "anti-*Ingram*" legislation contained in section 102A Finance Act 1986, and examines the opportunities that remain for inheritance tax planning involving the family home. Covering what must be one of the most frequently encountered issues upon which personal tax advisers are asked to advise, this article should be placed high on the reading list.

The Editors welcome contributions, particularly on points raised in articles appearing in the *Review* (or indeed, other Reviews and Journals). All articles (whether long or short), ideas for articles and other correspondence on editorial matters should be addressed to: Andrew Hitchmough, Managing Editor, *The Personal Tax Planning Review*, Pump Court Tax Chambers, 16 Bedford Row, London WC1R 4EB, Tel: (020) 7414 8080, Fax: (020) 7414 8099.

Robert Venables QC   Peter Vaines   Andrew Hitchmough   Elizabeth Wilson

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