

Welcome to the second edition of Observation - the Marlborough Trust Newsletter. If you have any feedback or comments we would welcome your response.

## Spanish Property

For individuals owning Spanish property we have developed a method of substantially reducing Wealth Tax and the often forgotten Spanish Inheritance Tax on property held in Spain, these taxes apply regardless of your jurisdictional residence.

The structure involves creating a debt against the property that is offset against the property asset and thereby reducing the net value of the Spanish estate accordingly.

The funds released by the debt will be invested in order to pay for the interest due on the loan.

This type of planning is best suited to properties worth in excess of €1M.

For more information contact: [adrian.howe@marlboroughtrust.com](mailto:adrian.howe@marlboroughtrust.com)



*“...the treasury are not afraid to ride roughshod over basic tenets of English law.”*

**Ben Tustin, Marlborough Trust**

## Gordon Brown Vs .....everyone

In a statement to parliament in December 'Red' Dawn Primarolo has made it clear that the treasury are not afraid to ride roughshod over basic tenets of English law. The proposed introduction of retrospective legislation to prevent 'abusive' avoidance of PAYE and NIC has left every taxpayer in the UK in limbo as any legitimate step taken to reduce taxation may subsequently be made illegal.

The basis of English law has always been that unless we are strictly forbidden from undertaking an activity then it is legal. If 'Red' Dawn wishes to change the shape of our legal system then surely it would be more appropriate to do so through the proper channels rather than scaremongering. We look forward to the legal challenges to any retrospective legislation introduced.

If you have any concerns regarding future tax planning please contact [ben.tustin@marlboroughtrust.com](mailto:ben.tustin@marlboroughtrust.com)

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The case of R Vs Holden was of particular note to the offshore world and how administrators deal with their clients. The Revenue won their argument to overturn a tax mitigation scheme on the basis that the offshore parties were only taking instructions from a firm of UK accountants and made no real decisions outside of the UK.

Explaining to our clients that they no longer have control over assets is a constant source of problems however whenever questions are raised about our questioning nature we can now simply refer to this case. So a big "thank-you" to the Inland Revenue for clarifying this important area!

We at Marlborough Trust have always prided ourselves on understanding and controlling our clients affairs, this is achieved through a variety of client meetings, internal discussions and research in order to take an active part in the long term aims of the client and their heirs if appropriate. For further information on our working practices please contact [nick.hannah@marlboroughtrust.com](mailto:nick.hannah@marlboroughtrust.com)



*"We at Marlborough Trust have always prided ourselves on understanding and controlling our clients affairs..."*

**Nick Hannah, Marlborough Trust**

### Contact Us

If you wish to find out more about the services that we provide please do not hesitate to contact us at the following address:

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### Protected Cell Companies

Guernsey was the forerunner in drafting legislation that allowed companies to segregate underlying assets and liabilities to be applicable to different classes of preference shares. These types of companies have been used in captive insurance, investment funds and merger and acquisition activity. Ideas for future use on a postcard please to:

[ben.tustin@marlboroughtrust.com](mailto:ben.tustin@marlboroughtrust.com)

### Budget 2005

No surprises here then. There was very little in the budget to affect the offshore world other than possibly the closure of disadvantaged areas relief for SDLT, expect to see a focus on new style SDLT planning in the coming months.

Did we really expect anything else from a pre-election budget?

The interest now focuses on what is likely to happen in the pre-budget report later this year if Labour retain power, are we going to see VAT rise to 20% or an introduction of CGT on own homes? Predictions on a postcard please!