

## COMPARISON OF TAXATION JUNE 2010.

We are able to offer a range of investment solutions both on and offshore to help you and your clients reduce the effects of capital gains tax (CGT).

FACTORS	INVESTMENT BONDS (ONSHORE)	INVESTMENT BONDS (OFFSHORE)	COLLECTIVES
FUND TAXATION	Life fund taxation complex, but income and gains effectively taxed at 20%. Fund can offset losses and expenses.	No income tax, corporation tax or CGT paid in the fund (non-recoverable withholding tax on dividends). 'Gross roll up' means the funds may grow faster.	Capital gains within fund free of tax but investor is liable to CGT. 'Gross roll up' means the funds may grow faster.
TAX IMPLICATIONS (CAPITAL GAINS)	Gains assessed to income tax on chargeable event.	Gains assessed to income tax on chargeable event.	<b>Gains taxed at 18% for basic rate taxpayers and 28% for higher/additional rate taxpayers.</b>
TAX IMPLICATIONS (INCOME)	20% or 30% further tax to pay for a higher or additional rate taxpayer.	20%, 40% or 50% tax to pay for a basic, higher or additional rate taxpayer.	Income taxed on investor as it arises (even if accumulated): – 32.5% / 42.5% on dividends for higher/additional rate taxpayers – 40% / 50% on interest for higher/additional rate taxpayers.
TAX DEFERRED REGULAR WITHDRAWALS AVAILABLE?	5% a year tax deferred regular withdrawals.	5% a year tax deferred regular withdrawals.	Not available.
FUND SWITCHING IMPLICATION	Fund switching is not a chargeable event. Particularly relevant when clients want to protect gains from high growth funds.	Fund switching is not a chargeable event. Particularly relevant when clients want to protect gains from high growth funds.	Is a disposal and may trigger a charge to CGT.
TAX RETURN / ADMINISTRATION	No tax return declaration until a chargeable event.	No tax return declaration until a chargeable event.	Income assessed annually.
TOP SLICING AVAILABLE?	Yes.	Yes.	No.
INDEXATION RELIEF?	Fund gets RPI indexation relief (useful in higher inflation environment).	No indexation relief.	No indexation relief.
CGT ANNUAL EXEMPTION	Not applicable.	Not applicable.	£10,100.
TIME APPORTIONMENT RELIEF	Not applicable.	Time apportionment relief if you reside overseas during a period of the investment.	Not applicable.



This is not a consumer advertisement. It is intended for professional financial advisers and should not be relied upon by private individuals or any other persons.

## CAPITAL GAINS TAX (CGT) AND WRAPPER CHOICE FOR INDIVIDUALS

### INVESTMENT CHOICE FROM LEGAL & GENERAL.

ONSHORE BONDS	OFFSHORE BONDS	COLLECTIVES
<ul style="list-style-type: none"><li>• Portfolio Bonds</li><li>• With Profit Bonds</li><li>• Discounted Gift Scheme</li></ul>	<ul style="list-style-type: none"><li>• International Portfolio Bond</li><li>• International Discounted Gift Scheme</li></ul>	<ul style="list-style-type: none"><li>• Unit Trusts (full range of active and index tracker funds)</li><li>• ISAs (full range of active and index-tracker funds)</li><li>• Structured Products</li></ul>



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These details are based upon Legal & General's understanding of tax law and HM Revenue & Customs and Irish Revenue Commissioners practice which are subject to change.

The value of an investment can fall as well as rise, is not guaranteed, and customers may not get their full money back.