



CHARLES GROUP
PROTECTING YOUR WEALTH





Charles Group Core Values

1. Family and the business of being a family
2. Clear and open communication
3. Going the extra mile for our clients
4. Listen to understand all our stakeholders unique needs
5. Seeking feedback so we can learn and grow

The Charles Group Difference

We are accountants and property tax advisors that have built an extensive property portfolio for over 35 years. This gives us a personal interest in being the best property tax advisors for our clients. We utilise our own advice!

Because of this unique perspective we have built an extensive network of the best niche experts in the field of property.

We continually look to help our clients save and make money. For example, **did you know there are over forty available reliefs to help reduce SDLT?** We are aware of all these as well as many other avenues to help you save and make money in property.

Our focus has always been to help families, their businesses, and their property investments to grow over multiple generations in a tax efficient manner.

We are proud to introduce our property tax partners, Cornerstone who are the leading experts in England and Wales on SDLT planning. Their CEO, David Hannah has been working closely with the Charles Group for the last ten years and during that time has helped our clients save tax and maximise their wealth by ensuring they:

- Pay the correct amount of SDLT on purchases
- Make use of all the available reliefs
- Reclaim overpaid SDLT from previous acquisitions

Cornerstone has grown to become the leading firm of Chartered Tax Advisers (CTAs) in its field. Powered by almost a century of collective expertise in UK tax advice their services include advising solicitors on how to calculate the SDLT liability on individual transactions; working with corporate entities to maximise their tax efficiency; assisting in forensic reclaims of overpaid SDLT on historical transactions.

They share the same values as The Charles Group and utilise their expertise to provide high value solutions on all matters that involved SDLT.

SDLT Analysis and Calculation

Since its introduction in 2003, the Stamp Duty Land Tax (SDLT) regime in the UK has been one of the most complex, labyrinthine, and constantly changing taxes in a system not renowned for its simplicity!

Beginning as a simple set of tariff rates based on a fixed percentage of the price of a property, SDLT evolved ostensibly to combat what the government perceived as 'aggressive avoidance' on high value transactions and attempt to address deficiencies and 'loopholes' in the law. Additionally, over time residential property has been subjected to higher and higher rates, and the current state of play has a 'stepped' system whereby a buyer now pays a fixed percentage for each 'slice' in value of a purchase up to the total amount.

Combined with the 3 per cent 'surcharge' now being applied to acquisitions of additional residential properties, the SDLT regime has become a swamp ready to swallow the unwary buyer in a deluge of confusing, often contradictory, and arguably punitive tax laws.

Paying the correct amount of SDLT used to be straightforward – you took a calculator and worked out the appropriate percentage of the total purchase price. Now, between the 'stepped' system, the surcharge and the raft of different exceptions, reliefs, and qualifying criteria, only an expert on the subject can hope to be sure of paying the correct amount on a new purchase.

Mistakes are costly – as one can imagine, HMRC is not forgiving of errors in payment, with the power to impose interest and fines on any individual found to have underpaid their liability. Equally, if one overpays, one can expect solid silence from HMRC on the subject unless specifically asked – and if one does not know the right question to ask, there is no hope of getting any answer.

For solicitors, SDLT is another layer of responsibility shifted onto their shoulders, and their Professional Indemnity Insurance bill. Unfortunately most are no more experienced than their clients to properly advise on the correct SDLT liability. For accountants, SDLT is unfamiliar territory, operating on a very different level, and to very different rules, than most other taxes with which they are familiar.

All of which begs the question...

How much SDLT should you pay?

The legislation for Stamp Duty Land Tax (SDLT), introduced by the Labour Government in 2003, grows more complex with each passing year.

Partly, this is a result of poorly thought-out initial legislation which has been extended annually, as successive administrations have sought to amend its deficiencies, and partly it is thanks to changing priorities on the part of governments over time.

The latest such change – the addition of the 3 per cent 'surcharge' on acquisition of additional residential properties – has caused perhaps the greatest consternation amongst both taxpayers and advisers. Ostensibly designed to assist first time buyers by removing the competition of BTL landlords for smaller, cheaper properties, what the charge has in fact done is cause confusion, and necessitated numerous amendments to the law, to exclude situations unfairly caught by it, such as the acquisition of properties with a 'granny annexe' for elderly family members.

There have also been numerous instances of clients being advised by a solicitor or estate agent that the charge would not apply to them, only to find, sometime later into the transaction, that it did.

At The Charles Group, our entry level service that we offer to all clients and professional advisors is a **Tax Certification Service**. Each property transaction will be analysed on its merits and details and we will determine with certainty the correct amount of SDLT to be paid.

“ Solicitors are no more experienced than their clients to properly advise on the correct amount of SDLT payable by the unwary buyer ”



Reclaiming overpaid SDLT

“

A hassle free service where no fees are charged until you get a refund from HMRC

”

It goes without saying that the complexity of the SDLT system in the UK can lead to errors. Exemptions and allowances hidden in a maze of legislation can quite often catch out the unwary buyer and their legal advisers, leading in some cases to six figure overpayments of SDLT. Anyone expecting this error to be caught by HMRC will be in for a long wait.

At the Charles Group, we can examine previous transactions from the last four years and quickly determine whether there is a likelihood that an overpayment of SDLT has occurred.

If it has, we can write to HMRC, laying out the technical details, and why we feel that an overpayment has been made. At the successful conclusion of this, a refund cheque from HMRC is issued to the taxpayer.

It is really that simple – no fuss, no hassle and best of all there is **no fee** unless there is a refund from HMRC!

It will be the only time when you will be pleased to see that brown envelope drop through your letterbox!

Our three core principles

1

Straightforward

We do not believe in overcomplicating our advice for clients.

2

Comprehensive

The advice will cover every variable and factor, ensuring that all your requirements are met.

3

Transparent

We ask for complete honesty and deliver the same in return - none of **our** process or fees are hidden from you



Tax Planning

“Every man is entitled if he can to order his affairs so that the tax attached under the appropriate Acts is less than it otherwise would be.”

Baron Tomlin

Duke of Westminster v Commissioners of Inland Revenue

As the old adage goes, the only certainties in life are death and taxes, and the former at least gives you peace!

Planning is the process of deciding in detail how to do something before actually doing it.

Tax planning is the practice of managing your affairs in any given area such that your liability to tax is optimised. Tax planning is something that is a regular part of everyday life.

Tax planning can be as simple as taking advice to ensure that the correct amount of tax is being, or has historically been, paid. It involves having a professional assess your tax position on a certain transaction to ensure that the correct amount of tax is being paid. This form of tax planning is largely unrecognised in the property industry, against a backdrop of ever- increasingly complex legislation, and growing confusion on the part of the professionals who normally deal with property transactions.

Conveyancing solicitors, well-versed in the art of property sales and acquisitions, are, unreasonably, expected to have an encyclopaedic knowledge of Stamp Duty Land Tax (SDLT), as well as the associated CGT and IHT liabilities which can arise. Accountants are expected to navigate a maze of exceptions and legislative minefields when dealing with commercial clients and their various portfolios.

Happily, there is a simpler way. Our tax partners, Cornerstone have been specialising in this area of property taxes for over a decade, and in that time have become the leading practitioners in the field. The Charles Group has developed an unrivalled team of niche experts such as Cornerstone Tax to ensure that we are the last word in property tax advice.

Stamp Duty Land Tax

Stamp Duty used to be a tax on a transaction – you took the price of a contract, tap it into a calculator and – hey presto! – there was the duty due on the purchase.

Since 2003 all that has changed – these days SDLT is about:

1 What type of property you are buying?

Residential, commercial or mixed.

2 How much of that is chargeable?

There are some property interests that you do not pay tax on.

3 Who you are?

Because different rates apply to different types of purchasers: companies, partnerships and individuals.

4 How many properties you currently own?

This might add 3% to the SDLT bill.

5 How you pay for the property

Cash, non-cash (i.e. goods or assumption of debt, or annuities and their value).

6 What Reliefs may be available

Group Relief, Charities Relief, Enfranchisement Relief, Incorporation Relief, to name but a few.

So it's a whole lot more complicated than the average person might think. Our partners, Cornerstone will focus on a thorough analysis of the transaction and identifying what tax should, and should not, be paid.

They will also advise on how to structure your transaction for tax efficiency, to select the appropriate deal and organisational structure, to ensure that you do not fall foul of any of the tax traps that lie in wait for the unwary.

Please note that if required we can also assist optimising the tax position on other taxes such as capital gains tax, inheritance tax, VAT, corporation tax and income tax.

We take a holistic approach and work with you to identify all of the relevant features in your transaction to optimise the result.

A family from Buckinghamshire received a cheque for £176,000 after we identified that tax wasn't due on the transaction.

A second homeowner from Suffolk received a refund of £85,000 when we identified that he had paid at the wrong rate of tax.

A building firm from Norwich received a refund of £127,000 after we reviewed a site purchase and noticed a relief had been missed.

The Charles Group Difference

The Charles Group prides itself on the quality of its advice and service. As property investors we understand the commerciality of advice and how this fits with your property investment vision.

We also appreciate building long term relationships with our clients and becoming an integral part of their property investment and business plans. Our accountancy practice C Charles & Co has been in business since 1974. Our property portfolio has been steadily growing since 1986! Our chosen partners must share our values especially going the extra mile for clients!

For over ten years Cornerstone have provided answers to questions and solution to problems for thousands of clients and ensured maximum tax efficiency in their purchases. But we do not stop at completion of your purchase.

Both The Charles Group and Cornerstone promise that the service does NOT stop at completion.

The bespoke service includes the following:

- Ongoing support for any enquiry raised by HMRC in relation to any transaction on which Cornerstone has advised you.
- Representation of any relevant matter on your behalf to HMRC and the First Tier Tax Tribunal.
- Annual Reviews, ensuring that your matters are fully examined and accordingly adjusted year on year.
- Transaction tax audit service for large volume purchasers, developers, investors and dealers and/or solicitors.

“ We have ensured
maximum tax efficiency
for thousands of clients ”



If you are a property investor or developer looking for new ways to make significant savings, then please contact us.



Property Tax Advisors & Investors

The Charles Group

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