

CashCalc

— Financial Planning Tools —

Investment Bond Chargeable Gains Forecast for Example Client

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Introduction

The following report contains an Investment Bonds Chargeable Gains Forecast.

This gives a breakdown of the history of the bonds in question, including any withdrawals being taken and allowances available to the client. It also produces the calculation for the top slice of the bond, as well as an estimation of any tax that could be charged on said bond.

Overview

Forecasts included:

- Onshore Bond Example

Forecast: Onshore Bond Example

Incomes & Assumptions:

Taxable Income for current Tax year: £40,000

Personal Allowance available: £11,500

Bond Information:

Bond Name	Original Investment	Surrender Value	Commencement Date	Surrender Date	Onshore/Offshore
Example Bond	£60,000	£100,000	06-05-2007	06-06-2017	Onshore

Forecast: Onshore Bond Example

Withdrawals from Example Bond					
Year	Withdrawals	5% Allowance	Cumulative Allowance	Chargeable Event?	Excess
2007	£3,000	£3,000	£0	No	£0
2008	£3,000	£3,000	£0	No	£0
2009	£3,000	£3,000	£0	No	£0
2010	£3,000	£3,000	£0	No	£0
2011	£3,000	£3,000	£0	No	£0
2012	£5,000	£3,000	£0	Yes	£2,000
2013	£5,000	£3,000	£0	Yes	£2,000
2014	£3,000	£3,000	£0	No	£0
2015	£3,000	£3,000	£0	No	£0
2016	£3,000	£3,000	£0	No	£0
2017	£3,000	£3,000	£0	No	£0

Forecast: Onshore Bond Example

Tax Liabilities (By Year):

Year	Tax Liability
2017	£4,600

Forecast: Onshore Bond Example

Breakdown for Example Bond

Timescale	06-05-2007 to 06-06-2017		Gain	£73,000
Initial Investment/Surrender Value	£60,000/£100,000		Top Slice	£7,300
Withdrawals	£37,000		Tax Due	£4,600

Top Slice Calculation

$$\begin{aligned}
 & \text{(Proceeds + Withdrawals)} & - & \text{(Investment + Previous Excess)} \\
 & (£100,000 + £37,000) & - & (£60,000 + £4,000) \\
 & & = & \\
 & & & £73,000 / 10 \text{ complete years} = £7,300
 \end{aligned}$$

Tax Calculation

Partial Top Slice Relief occurs as the gain itself pushes the client into the Higher Rate Tax Band.

Remaining Basic Rate Tax band (can be used for Top Slice Relief) = £5,000

Amount of slice which is taxable = £7,300 - £5,000

Tax due = (Taxable portion of the slice X 0.2) X Number of relevant years

Tax due = (2,300 X 0.2) X 10 Years = £4,600

