

The House Crowd

NOTES ON THE TAX POSITION OF SPVs and INVESTORS



All House Crowd Project SPVs are limited companies incorporated in the United Kingdom and as such they will pay corporation tax, currently at the rate of 20%, on their net rental income and they will also pay corporation tax at the same rate on any Capital Gains arising on a subsequent sale of the property.

Following the sale of the property and the final distribution to shareholders, whilst the shareholders will not be liable to Capital Gains Tax on the actual sale of the property as this will already have been paid by the SPV itself, they may if they are UK resident be liable to Capital Gains Tax on the excess of the final distribution over the original cost of their shares at the rate of 10% for basic rate taxpayers or 20% for higher rate taxpayers. If they have no other Capital Gains in the year of disposal they will also have available their annual Capital Gains Tax exemption of £11,100 to offset against the gain.

Until such time as a sale of the property takes place annual dividends are paid out of the SPV's profits after taxation.

Each shareholder is entitled to an annual tax free dividend allowance of £5,000 so no tax is payable on this amount of dividends received in each tax year. Dividends received within this allowance will still count towards a shareholders' income when calculating their basic or higher rate tax bands. For dividends received in excess of this amount in any tax year the rates of tax payable are 7.5% on income within the basic rate tax band of £1 to £32,000, 32.5% on income within the higher rate band of £32,001 to £150,000 and 38.1% on income in the additional rate band in excess of £150,000.

For UK corporate shareholders the dividends would be received as franked investment income and excluded from their taxable profit for corporation tax purposes because the income has already suffered corporation tax.

The House Crowd Limited
91-95 Hale Road | Hale | Altrincham | Cheshire | WA15 9HL
Company number: 07893395

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Non UK resident shareholders will receive their dividends which will be subject to the relevant local tax liabilities.

Where a project is funded by loans rather than shares, gross interest is paid on these loans to the investors.

UK resident investors will need to declare the gross interest received on their UK tax returns and, depending on the level of their overall UK income, will need to pay income tax on the interest at the rates set out below: -

Overall level of UK income including gross interest received	Tax rate
Up to £11,000	0%
£11,001 to £43,000	20%
£43,001 to £150,000	40%
Over £150,000	45%

Gross interest paid to non resident loan holders will be subject to the appropriate amount of tax due in their own jurisdictions.

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