

Family Investment Companies (FICs)

A Family Investment Company (FIC) is a private company, typically limited by shares, used by families to hold, manage, and grow wealth. Designed for long-term estate planning, it enables parents or founders to retain control over investment decisions while allowing value to pass to the next generation in a structured and tax-efficient way.

FICs are particularly suited to families looking to preserve non-trading wealth, offering flexibility, control, and governance over how assets are managed and distributed. Shares can be tailored to separate economic benefit from voting control, often with parents retaining board positions and decision-making powers.

Partnering with a UK or offshore corporate services provider ensures proper governance, support with company secretarial requirements and tax compliance across multiple jurisdictions. To find out more, please see overleaf.

Our private wealth services

We provide forward thinking solutions for individuals and families, as well as multi and single family office arrangements.

Our approach, for more than 50 years, has been to nurture lasting relationships, seeking a deeper understanding through closer collaboration and becoming a trusted partner.

Working alongside other trusted fiscal and legal advisers, our dedicated teams provide efficient, informed and personal services, across our global network.

- > Wealth & asset protection
- > Estate & succession planning
- > Administration, governance & compliance
- > Formation management & administration
- > Financial accounting & reporting
- > Family office

Why consider a FIC

- > Founders maintain oversight of investments and governance
- > Corporate tax rates typically apply to income and gains, with most UK and qualifying overseas dividends received tax-free
- > Value can be transferred to the next generation without relinquishing control
- > Proper structuring can reduce the founder's exposure to UK inheritance tax (IHT) making it an excellent estate planning tool

Inheritance tax and residency changes (from April 2025)

As of 6 April 2025, the UK moved from a domicile-based to a residence-based system for IHT. Individuals will be considered Long-Term Residents (LTRs) if they have been UK tax resident for 10 out of the past 20 tax years.

LTRs will be subject to IHT on worldwide assets at 40% (above the nil-rate band of £325,000), regardless of domicile. Importantly, LTRs who leave the UK will remain within the IHT net for a 'tail period' of up to 10 years, depending on the length of previous UK residence:

- > 10-13 years of residence: 3-year tail
- > 14-19 years: tail increases by one year per additional year of residence
- > 20+ years: full 10-year tail

These changes make proactive estate and holding structure planning more important than ever, especially for internationally mobile families.

Onshore versus offshore structures

The choice between a UK or offshore FIC (e.g., Jersey) depends largely on the founder's UK residency status and personal objectives.

Investment and tax considerations

FICs managed and controlled in the UK are subject to UK corporation tax on most income and gains. However, there are several planning opportunities:

- > Dividend income from UK and qualifying overseas companies is usually tax exempt, allowing income to accumulate tax efficiently
- > Income vs capital: Corporate tax is lower than personal income tax, making FICs particularly attractive for income-producing investments
- > Equity investments generally attract tax-exempt dividends
- > Fixed income ETFs and interest-bearing assets are subject to corporation tax

Offshore funds

The tax treatment of offshore funds held in a FIC depends on whether the fund is a:

- > Reporting fund: taxed under capital gains rules
- > Non-reporting fund: gains taxed as income; losses treated as capital and can only be offset against similar gains

Withholding tax

Dividends or interest from non-UK companies may be subject to withholding tax (often 15%), which may be reduced under double tax treaties. If the income is exempt from UK corporation tax, the withholding tax becomes an absolute cost.

Getting started

Setting up a FIC involves:

- > Incorporation in the chosen jurisdiction
- > Tailored structuring of share classes and capitalisation
- > Governance setup, including board appointments and controls
- > Investment strategy aligned with family goals
- > Ongoing support for compliance, reporting and administration

How we can help

Our team works with advisers, family offices and legal counsel to design and administer Family Investment Companies that align with each family's long-term goals. We support with:

- > Jurisdictional structuring and cross-border planning
- > Company administration and governance
- > Tax and compliance coordination
- > Ongoing investment reporting and secretarial services

Key contacts

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