Late payment interest rate Inheritance	9%	GBP 94,747				
Penalty 1992 - 1998	50%	GBP 192,940				
Penalty 1999 - 2009	50%	GBP 53,115	10%	GBP 10‘623	10%	GBP 10,623
Penalty 2010 - 2012	50%	GBP 59,187	20%	GBP 23‘675	20%	GBP 31,318
Total tax		**GBP 1,855,668**		**GBP 415,299**		**GBP 327,102**
Tax in relation to total assets		64.8%		14.5%		11.4%

Under normal taxation, Mr Thomson would have to pay 40% inheritance tax (IHT) on the assets his father passes to him (GBP 1,052,745) less the GBP 71,000 tax exempt amount.[309] In 1990, the transfer of the assets into the trust triggered taxes of 20%. This tax is known as IHT on transfer to trusts and the tax rate depends on the type, value, timing and the beneficiary of the trust.[310] The rule primarily applies to trusts, but since HMRC generally treats foundations as trusts, this tax also applies to Mr Thomson's transfer.[311] In addition to the IHT, the foundation has to pay 6% for a 10 year-anniversary tax on the asset value in 2000 and 6% on the distribution to the beneficiary.[312]
Finally, Mr Thomson would have to pay income tax on interest and gains of the last 20 years[313] of 40%.[314] This all adds up to a payable tax due of GBP 1,855,668, including penalties of 50%.[315]The penalties could be lower or rather higher depending at the discretion of HMRC.[316]

Assuming that the board of the foundation opens a bank account in Liechtenstein, transfers the required 20% of the total assets to the account and the bank issues a certificate of relevance, Mr Thomson could benefit from the LDF. Under this disclosure facility, only the occurrences since 1999 would be relevant.[317] Therefore, he would not be forced to pay the IHT on his father's death. Only the 10 year anniversary tax on the asset value in 2000 and 6% on the distribution to the beneficiary would matter.

309 HMRC, 2013 (4).

310 HMRC, 2013 (5).

311 Voisin law, 2009.

312 Ernst & Young, 2012, p. 241 & 242.

313 Barry & Airey, 2012, p. 13.

314 HMRC, 2013 (2).

315 For the calculation it is assumed that 55% are interest income, 25% are dividend income and 20% are capital gains on average.

316 HMRC, 2012 (6), p. 1 & 2.

317 Barry & Airey, 2012, p. 13.