

Orchard Community Energy Withdrawable Shares: Inheritance by UK and Overseas Beneficiaries

This document is for general information only and does not form part of the Orchard Community Energy 2021 share offer document. It is based on the Society's understanding at the time of writing but the board do not warrant that it is complete or correct. It should not be treated as financial advice and you should consult an appropriate professional advisor for confirmation of all points.

This briefing outlines the Society's understanding of factors which may affect the transfer of shares issued under the Orchard Community Energy 2021 share offer on death to beneficiaries, including those based outside the UK, and the use of share withdrawal on death as an alternative to this.

This briefing is intended only for Members who expect to be domiciled in the UK at the time of death although most points should also be applicable for those domiciled overseas.

These factors include:

- In accordance with the Society's Rules, on the death of an individual Member of the Society, their personal representative can apply for withdrawal of the share capital or for transfer of the shares to another person. Under the terms of the 2021 share offer, return of share capital within a reasonable time under this provision will be prioritised by the board over any other return of Members' capital.
- Withdrawable shares will normally be exempt from inheritance tax providing they have been held for two years. We do not believe that the location of the beneficiary has any impact on this but you should take professional advice on this and any other tax implications.
- The Society's Rules do not constrain who can hold its withdrawable shares on geographical grounds. All Members must be aged over 16 years and must support the Objects of the Society. It may be possible to make arrangements for shares to be held on behalf of children until they reach this age.
- Under the Cooperatives and Community Benefit Societies Act 2014, a Member may nominate one or more persons to receive holdings of up to £5,000 on their death. This can be used as a separate process from provisions in any will, but please take professional advice if needed to understand any interaction between the two. If you make such a nomination, OCE will respect your wish in so far as the law and our Rules permit. If you are a joint shareholder and have not completed a nomination, your shareholding will pass to the other joint shareholder(s) on your death.
- Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK Society. This may affect whether or not holdings can be transferred or a request for share withdrawal will need to be made by the personal representative instead.
- OCE may need to incur additional costs (currently up to c.£200) for anti money laundering checks prior to transferring shares to persons with non-UK addresses. At the current time, OCE has no intentions to seek to recover these costs and legally may or may not be entitled to do so.

- All interest and capital repayments are made in pounds sterling, currently either by cheque or bank transfer. Our agent (currently Neville Registrars) may impose conditions as to the types of bank accounts to which payments can be made. The bank charges associated with paying cheques into non-sterling bank accounts may be disproportionate to the amount received, particularly for annual interest payments. Beneficiaries may wish to investigate the use of international / multi-currency accounts which are currently becoming available (such as from Wise and Revolut) but, while we will seek to facilitate appropriate payment mechanisms that do not incur additional costs for us, we cannot guarantee that our agent will be able to make transfers to these. This is not a recommendation of multi-currency accounts or of these providers; we suggest that you search online if needed for up to date commentary about them and their competitors.
- The society's Rules permit it to deduct reasonable administrative costs of withdrawal from capital repayments and there might be additional costs associated with making capital repayments to an overseas account if we are asked and able to facilitate that.

If you have queries or comments on this briefing, please contact us at info@orchardcommunityenergy.org.

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