

Why Onshore Investment Bonds – For Company investment?

In this guide:

 Options for investing surplus company funds

 Reasons to consider an Onshore Investment Bond



Introduction

Limited companies with surplus funds not needed in the short to medium term have a number of investment options.

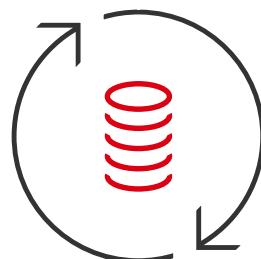
Your financial adviser will no doubt discuss the merits of:



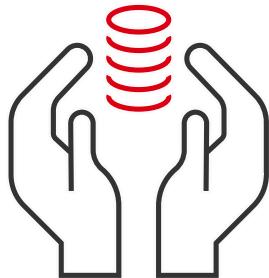
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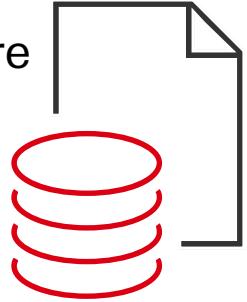
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Investment Bond

Why your adviser might recommend the HSBC Life Onshore Investment Bond

The HSBC Life Onshore Investment Bond (HSBC Life Company Bond) provides UK tax-resident Limited Companies with a number of potential benefits:

-  **Potentially higher returns than Cash** – The HSBC Life Onshore Investment Bond taken out by a Company may be a good alternative investment option if a Company holds a surplus amount of cash on deposit which is generating a low rate of return.
-  **General tax planning** – depending on the accounting standard adopted, the Bond may be used for general company tax planning.
-  **Low Minimum Investment** – The minimum investment into the HSBC Life Onshore Investment Bond is £25,000. Top-ups of £500 or more can be made.
-  **Investment Choice** – The HSBC Life Onshore Investment Bond provides access to an investment choice of over 3,800 funds (investment trusts, OEICs, unit trusts and ETFs) from more than 200 fund managers.
-  **Corporation Tax deferral** – HSBC Life calculates the Tax liability, collects it from the Bond Cash Account and provides a 20% Tax Credit - which can be set against a Corporation Tax liability in the year the Investment Bond is fully surrendered or a part withdrawal takes place. Corporation Tax would be payable on the full surrender or on a part withdrawal from the Bond.
-  **Tax Free Changes** – Changes to investment strategy can be implemented without a tax implication.
-  **Multi-life facility** – The HSBC Life Onshore Investment Bond can accommodate up to 10 Lives Assured - unless the Bond is fully surrendered, it will continue until the death of the last surviving life assured.
-  **Loan Collateral** – The HSBC Life Onshore Investment Bond can be assigned as security for a loan if funding is required.
-  **Simple Administration** – HSBC Life retain responsibility for ongoing Bond taxation and provide comprehensive six monthly Reports, providing a clear picture of the charges and deductions which apply.

What type of limited company are you?

Read our fact sheets to compare your investment options:

Small company [micro entities]

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Why Onshore Investment Bonds – For Small Companies?

In this guide:

- ↳ Options for investing surplus company funds
- ↳ Reasons to consider an Onshore Investment Bond

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The information in this document does not constitute advice and any actions arising should be done in conjunction with your adviser.

Medium to large companies

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Why Onshore Investment Bonds – For Medium to Large Companies?

In this guide:

- ↳ Options for investing surplus company funds
- ↳ Reasons to consider an Onshore Investment Bond

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Companies that exceed the above limits are classed as large companies

Family investment companies

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Why Onshore Investment Bonds – For Family Investment Companies?

In this guide:

- ↳ Options for investing surplus company funds
- ↳ Reasons to consider an Onshore Investment Bond

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Family Investment Companies are typically set up by older generations seeking to protect family assets and pass on wealth to their descendants.

IMPORTANT INFORMATION

The impact of taxation (and any tax reliefs) depends on an investors individual circumstances.

The information contained in this document is based on our understanding and interpretation of current UK tax law and HM Revenue & Customs practice as at April 2024. Tax law and practice may change in the future.

HSBC Life (UK) Limited is not responsible for any action an investor may or may not take as a result of information contained in this Guide.

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