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The Guardian

Cameron family fortune made in tax havens

Revealed: David Cameron's father built up legal offshore funds in Panama and Geneva

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- [guardian.co.uk](#), Friday 20 April 2012
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David Cameron's father set up offshore investment funds which explicitly boasted of their ability to remain outside UK tax jurisdiction. Photograph: Dan Kitwood/PA

[David Cameron](#)'s father ran a network of offshore investment funds to help build the family fortune that paid for the prime minister's inheritance, the Guardian can reveal.

Though entirely legal, the funds were set up in tax havens such as Panama City and Geneva, and explicitly boasted of their ability to remain outside UK tax jurisdiction.

At the time of his death in late 2010, [Ian Cameron left a fortune of £2.74m in his will](#), from which David Cameron received the sum of £300,000.

Cameron and other cabinet members have recently suggested that they would be willing to disclose their personal tax filings amid growing scrutiny following the budget, but this would only shed light on annual sources of income rather than accumulated wealth or inheritance.

The structure employed by Cameron senior is now commonplace among modern [hedge funds](#), which argue that offshore status can help attract international investors. UK residents would ordinarily have to pay tax on any profits they repatriated, and there is nothing to suggest the Camerons did not.

Nevertheless, the dramatic growth of such offshore financial activity has raised concerns that national tax authorities are struggling to pin down the world's super-rich.

Ian Cameron took advantage of a new climate of investment after all capital controls were abolished in 1979, making it legal to take any sum of money out of the country without it being taxed or controlled by the UK government.

Not long after the change, brought in by Margaret Thatcher after her first month in power, Ian Cameron began setting up and directing investment funds in tax havens around the world.

Leaving his full-time role as a City stockbroker, Ian Cameron went on to act as chairman of Close International Asset management, a multimillion-pound investment fund based in Jersey; as a senior director of Blairmore Holdings Inc, registered in Panama City and currently worth £25m; and he was also a shareholder in Blairmore Asset Management based in Geneva.

However, the family will – [a public document seen by the Guardian](#) – only details the assets of Ian Cameron's estate in England and Wales. Offshore investments would only be listed in submissions to HMRC for inheritance tax purposes. It is unclear what those assets – if any – are worth and which family member owns them.

In 2009 the compilers of the Sunday Times Rich List estimated Ian Cameron's wealth at £10m.

He was survived by his wife, Mary Fleur Cameron, who as his spouse would not have had to pay inheritance tax on sums transferred between them.

In 2006 Ian's eldest son, Alexander, became the sole owner of the family's £2.5m house in Newbury, Berkshire, where David had been brought up.

Another family home in Kensington, London, worth £1m, passed to his two daughters in equal share.

Cameron's father was "instrumental" in setting up the Panamanian company, Blairmore Holdings, in 1982, which was exempt from UK tax, when David was a pupil at Eton aged 16.

The fund shares its name with the family's ancestral home in Aberdeenshire, Blairmore House, in which Ian Cameron was born in 1932 but which the family no longer owns.

[A lengthy prospectus for Blairmore Holdings](#) written in 2006 and meant to attract high net worth "sophisticated" investors, with at least \$100,000 to buy shares, is explicit about how the fund sought to avoid UK tax. At the time more than half of the fund's 11 directors were UK nationals.

Under Panamanian law the fund was excluded from taxation derived from other parts of the world.

"The fund is not liable to taxation on its income or capital gains as long as such income or capital gains are not derived from sources allocated within the territory of the Republic of Panama," the 2006 prospectus reads.

"The Directors intend that the affairs on the Fund should be managed and conducted so that it does not become resident in the United Kingdom for UK taxation purposes. Accordingly ... the Fund will not be subject to United Kingdom corporation tax or income tax on its profits," the prospectus continues.

The investor document also credits Ian Cameron as a founder member of Blairmore Holdings and states that as an adviser he would be paid \$20,000 a year – the highest paid director – whatever profits were realised.

In fact, the long-term Panamanian investment fund performed above market rate over many years averaging a 116% return from 2002-2007. Today many of the fund's largest holdings are in blue-chip stocks such as Apple, Unilever and Coca Cola.

Before his death, aged 77, Ian Cameron was also chairman and shareholder of Close International Equity Growth Fund Ltd, registered in Jersey and worth £9m according to papers filed in 2005. In that year just under half of the fund's holdings were in UK listed stocks.

A third fund set up in Geneva, Switzerland, had a shorter life span and finally dissolved in 2007 but had many of the same registered shareholders as the Panamanian outfit. These included a number of former employees of Panmure Gordon, the stockbroking firm where Ian Cameron spent much of his career and those from Smith and Williamson investment management where Cameron senior was a consultant.

One notable investor into the Panama fund was a charity established by Tory peer Lord Vinson. Accounts from 2009 show that a charitable trust set up under his own name invested £82,000 into the fund – almost one quarter of its investments in shares.

Vinson's trust that year went on to donate tens of thousands of pounds to rightwing think tanks including the Institute of Economic Affairs and Civitas.

David Cameron has recently remarked on companies who have taken advantage of offshoring to legally avoid tax. Speaking at the start of the year to small business leaders in [Maidenhead, he said](#): "With the large companies, that have the fancy corporate lawyers and the rest of it, I think we need a tougher approach.

"One of the things that we are going to be looking at this year is whether there should be a general anti-avoidance power that HMRC can use, particularly with very wealthy individuals and with the bigger companies, to make sure they pay their fair share."

The row also comes as the top rate of tax was lowered in last month's budget from 50p to 45p and the rate of corporation tax continue to drop to achieve the [chancellor's ambition of giving the UK one of the lowest rates of corporation tax in the G7](#).

Responding to opposition criticisms over the lowering of the top tax rate, Cameron said: "The cut in the 50p tax rate is going to be paid five times over by the richest people in our country."

Downing Street said it did not want to comment on what was a private matter for the Cameron family.

A spokesperson added: "The government's tax reforms are about making sure that some of the richest people in the country pay a decent share of income tax."

The investment managers Smith and Williamson, for whom Ian Cameron worked, chose not to comment.

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