



Moving to the UK case study

Scenario

An individual is moving to the UK for work purposes, and they are intending on remaining here for a number of years with their family. They have significant wealth that has been earned outside the UK and remains invested offshore.

When moving to the UK they will first rent a property until they have found a property to purchase, which will be funded from their non-UK situs funds.

Where we can help

The UK has complex but in some instances tax rules that can provide opportunities for individuals moving here. These provisions can be used to maximise a taxpayer's tax liabilities in the UK, however, if the individual's circumstances and needs are not understood from the outset then such opportunities may be missed and the taxpayer's affairs can be more complex.

Review of Tax Residency

The first thing to ascertain is the date an individual is considered to be tax resident from. For the majority of taxpayers this will be the start of a UK tax year (6th April). However, where certain conditions are met an individual can qualify for and claim 'Split Year Treatment'.

Split Year Treatment enables an individual to effectively split the tax year into two periods – a non-UK resident period and a UK resident period.

The importance of ascertaining this position is to:

- Set a deadline for any tax planning or structuring opportunities prior to becoming UK tax resident, and
- Understand the date in which the individual is subject to tax on their worldwide income and gains.

Taxing of income and gains

When an individual becomes UK tax resident, they are subject to tax on their worldwide income and gains, subject to any double tax treaty protections. Whilst they are non-UK resident, they are only subject to tax on their UK sourced income and gains from UK property.

Non-UK domiciled individuals are eligible for the first 15 years of tax residency to claim the remittance basis. This basis of taxation protects non-UK income and gains from UK tax provided it is not deemed to be remitted to the UK. This basis of taxation provides opportunity for individuals to be tax efficient on their non-UK sourced income and gains.

Planning for remittances to the UK

If an individual is going to claim the remittance basis and protect future non-UK income and gains from tax it is important to establish the pre-UK residency funds and keep them separate from any income received or gains realised after becoming UK resident.

All funds held as at the date you become UK resident (or the day before) are considered clean capital from a UK tax perspective and can therefore be remitted to the UK without any UK tax implications. We can assist the individual in structuring this position so that they can ensure they remit funds, perhaps to acquire UK property, efficiently to the UK.

For all your business, tax and wealth needs.

Call: +44 (0)330 124 1399

Email: enquiries@krestonreeves.com

Visit: www.krestonreeves.com