Moving to the UK

Anyone planning on returning to the UK should consider the tax implications of the move ideally 12 months in advance. In some cases, this will obviously not be possible.

Returning to the UK on a particular day doesn't necessarily mean that you become tax resident from that date. In fact it is possible to become tax resident from an earlier date if the circumstances surrounding your return do not match the criteria set out with in the Statutory Residence Test and more importantly the Split Year Treatment rules.

The split year treatment rules represent the most complex area of the statutory test and effect individuals who not only return to the UK but also leave.

In coming to the UK, which of the five split year criteria fit your circumstances ? Having identified this then you have to look at the layers of additional criteria that follow to see if you qualify for split year treatment.

It is possible for the ‘man on the street’ to misinterpret HMRC’s jargon. Where you are able to qualify, tax exemption in respect of overseas income and certain capital gains sources will apply from the start of the tax year of arrival until the day prior to your return. Gains realised from the sale of UK residential property are liable from April 2015. UK income throughout your time overseas will have remained taxable.

So what aspects should be considered from an advisory perspective at this time ?

Pre-Arrival

Understanding the SRT & SYT rules prior to becoming resident.
Taxation of employment income.
Taxation of gratuities and end of service benefits.
Taxation of pension income.
Taxation of investment income.
CGT in respect of property and investments.
Banking
National Insurance Contributions.

Post-Arrival

Taxation of Employment/ Self Employment income.
Tax reliefs available against above.

Taxation of investment income.
CGT aspects.
Inheritance and Estate Planning.
Tax Return completion.
Future tax advisory requirements.

On returning to the UK, the formalities of contacting HMRC then arise however, it is not just a case of picking up the phone and saying I'm back ! There is a certain protocol to observe. Failure to comply within given time scales within Self Assessment can lead to fines so professional assistance is essential.