

Moving to the UK

15 July 2013

At Dixon Wilson we advise both UK domiciled and non-UK domiciled individuals on their UK tax and accounting affairs. These affairs tend to become more complicated in anticipation of a move to the UK. Whilst we are able to assist with the UK aspects for any scenario, we highlight below some of the common issues affecting non-UK domiciled individuals who are considering living, or spending significant time, in the UK.

There is usually a considerable amount of stress and upheaval associated with relocating to a different jurisdiction. Our aim is to ease that burden by assisting you with all of your UK tax and accounting issues. This can range from simple steps, such as registering you with HM Revenue & Customs, to wider tax planning, including the use of the remittance basis, to helping you manage and understand your UK tax exposure.

As with most planning, the sooner you take advice the better. Significant tax can often be mitigated by taking relatively simple steps prior to your formal arrival in the UK. Once you have arrived to live in the UK you are more restricted in terms of the planning that might be available. We would urge you to contact us ahead of your arrival in the UK, even if it is simply a tentative proposal, to discuss your options.

We highlight below some of the issues which you are likely to face and some of the ways in which we can assist.

THE BASICS

We are happy to handle the basic tax administration of your move. We appreciate that the administration involved in moving to a new tax jurisdiction can be difficult to navigate and time-consuming. We are able to assist with:

- registering with HM Revenue & Customs (“HMRC”)
- preparing and submitting annual Self-Assessment tax returns, if necessary
- advising on the need for, and the process for obtaining, National Insurance numbers
- generally dealing with HMRC on your behalf as your agent
- establishing and operating a payroll for your household staff
- assisting with any business which you intend to operate from the UK, including a full range of business services ranging from the creation of a UK company, or partnership, the preparation of annual business accounts and tax returns to structuring and VAT advice.

We are also able to put you in touch with, and work alongside, other advisers, such as lawyers, investment managers, bankers or estate agents to assist with all aspects of your move, such as wills, visas and the need for segregated bank accounts. We would also liaise with your existing advisers to ensure you receive a complete service with nothing overlooked.

YOUR ARRIVAL DATE

One of the most critical details relevant to your tax planning is the date on which you become resident in the UK for tax purposes. The UK tax year runs from 6 April to 5 April. Depending on your situation, you could be treated as UK tax resident from the date you arrive, or you could be deemed tax resident from either the 6 April before or after you arrive. We can advise you on the date you will be treated as UK tax resident, and construct any tax planning around this, taking into account any tax implications in the country you are leaving by working with your overseas advisors.

SECONDMENTS

If you come to the UK on secondment, there are several tax issues you will need assistance with. These often include a careful review of the relevant tax treaties to avoid paying tax in two countries, and also Overseas Workday Relief.

REBASING ASSETS

Once you are UK resident you will be liable to Capital Gains Tax on assets you dispose of at a gain (subject to the remittance basis for non-UK assets). Any gain is calculated with reference to the cost of the asset when you originally acquired it, even though this might be many years ago when you were not UK resident. There is a one-off opportunity to rebase the cost of such assets by taking action before you become UK resident. This might be as simple as disposing of and reacquiring the assets, but other options are available. The action must be appropriate to the type of asset (e.g liquid investments, shares in private companies, property) and the particulars of your situation.

INCOME TAX PLANNING

Moving between tax jurisdictions may mean significant changes to how your income is taxed. The timing and method of receiving income may need to be adjusted to suit your new status as UK tax resident.

REMITTANCE BASIS

The remittance basis of taxation can, with careful planning, be an extremely beneficial option available to you as a non-UK domiciled individual who is resident in the UK. The rules governing the remittance basis are superficially straightforward and fundamentally complex. They have an impact on the type of investments you make and how you structure your wealth. An example of this is the segregation of income, gains and "clean capital" between different bank accounts, which is a vital part of rationalising your remittance possibilities in the future. Another key impact is the timing of bringing funds into the UK. There is a limited opportunity before becoming UK resident to remit funds containing income and gains to the UK without triggering a tax charge.

YOUR MAIN RESIDENCE

One of the most common reasons for remitting wealth to the UK is to purchase a property to live in. We can advise on the most efficient methods for remitting funds and for owning UK property, either to live in or as an investment. Inheritance Tax and Capital Gains Tax need to be considered when owning UK property, as well as the Annual Tax on Enveloped Dwellings which can apply if high value property is purchased through certain structures.

OFFSHORE STRUCTURES

You may already have offshore structures in place such as trusts, holding companies or investment wrappers. These must be reviewed prior to your arrival in the UK as they may no longer be appropriate. It is not sufficient simply to never remit from these structures to the UK as they are not always protected by the remittance basis. For example, there are some offshore life insurance policies which can result in a UK tax charge irrespective of the remittance basis. A thorough review is required to determine whether such structures are likely to continue to be efficient after you arrive in the UK, or whether steps can be taken pre-arrival to wind up or alter the structure.

ESTATE PLANNING

You will, broadly speaking, be liable to UK Inheritance Tax when you die at a rate of 40% on your UK situs assets less relevant liabilities. We can help you take steps to manage your exposure. We can also recommend lawyers to assist with the preparation of a will, or work with your existing legal advisors.

MANAGEMENT OF NON-UK BUSINESSES

You may intend to manage your non-UK businesses from the UK. Great care is required in this regard as a business, regardless of where it is situated, can be treated as UK tax resident if HMRC deem that it is being "centrally managed and controlled" from the UK. We can advise you on these rules and the steps you can take to mitigate the risk of the profits from your non-UK businesses being subject to UK tax.

SUMMARY

We have highlighted some of the common issues and opportunities for non-domiciled individuals moving to the UK. Your particular circumstances will need specific, tailored advice, and Dixon Wilson are well placed to offer that.

The information contained in this document is for information only. It is not a substitute for taking professional advice. In no event will Dixon Wilson accept liability to any person for any decision made or action taken in reliance on information contained in this document or from any linked website.

This firm is not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services to clients because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

The services described in this document may include investment services of this kind.

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