

# **STRATEGIC TAX PLANNING**

UK & International Tax Lawyers

## **NEW STATUTORY RESIDENCE TEST EXISTING EX PATS BEWARE!**

On 6<sup>th</sup> April 2013 the new UK Statutory Residence test came into force.

This will impact many aspects of those leaving the UK and those coming to the UK.

The irony is that many of those who have “gone non-resident” in earlier tax years but have continuing business interests in the UK will need fresh advice and may have to alter their previous long-standing work patterns.

When speaking to several Ex-pats recently, the first thing that became rapidly apparent was the almost total lack of awareness of the changes amongst this group.

The second common theme was that many had no specific written advice about their initial departure from the UK and the need for that to qualify as a “Distinct Break” under the previous HMRC 6 guidance booklet and case law.

The new rules are much harsher on those with continuing connections and apply a series of tests and day limits based on the number of “Ties” a person has to the UK. The only clear way of guaranteeing UK Non-Residence without assessing a person’s “Ties” is to spend less than 16 days in the UK in a tax year and qualify for “Automatic Non-Residence”.

The other aspect that the new rules do not address is the interaction with a Double Tax Treaty claim under the relevant “Tie Breaker” provisions which could potentially assist an “Ex-pat” with continuing business interests.

However, this is extremely complex and would vary from Country to Country. It often needs the addition of specialist tax advice in that Country and an integrated approach to understand the overall position.

For more information on this topic please come to our informative in-house Seminar on 12<sup>th</sup> June 2013 at our office in Central Manchester.

In the meantime, we can conduct a review and advise both Professionals (for their Clients) and direct Clients on the extent the new rules impact them and on planning to ensure they do not now become “UK Resident” for tax purposes from April 2013!

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