

Are UKonnected?



Many UK Expats remain connected to the UK tax system without knowing it. This can either be in respect of UK Income/Capital gains tax or more significantly UK Inheritance Tax (IHT).

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Income/Capital Gains Tax

A few years ago, HMRC introduced a statutory residency test which replaced guidance documents that could often be misinterpreted. Using the guidance documents, many UK 'Expats' were under the general impression that as long as they spent less than 90 days a year in the UK, they were not UK resident for tax purposes.

Unfortunately, this was not always the case and as a result, those investigated by HMRC found themselves subject to UK taxes on their worldwide income and capital gains. Thankfully, there is now a statutory residence which provides clarity however, under the new test, depending on your personal circumstances spending just 17 days per tax year in the UK could have an impact on your residency status and more importantly your tax position.

For more information on the UK's statutory residence test, please contact your financial adviser.

Inheritance Tax

If you are UK domiciled at death, your estate is potentially subject to UK Inheritance Tax (IHT) should it exceed the current IHT Free Allowance (Nil Rate Band) of £325,000. The balance above £325,000 is subject to IHT at a rate of 40% and this applies not only to any assets held or registered in the UK but to your worldwide estate. When you leave the UK, you **DO NOT** automatically lose your UK domicile. Your UK domicile will remain with you unless you acquire a domicile of choice in another jurisdiction which can be a very tricky thing to do.

Planning

Individuals who are likely to remain or become UK resident/domiciled can undertake a number of different planning strategies to mitigate tax liabilities that may arise in the future. To see how RL360's products and range of trusts may be able to assist you, please speak to your financial adviser or visit our website: www.rl360.com.

Please note that every care has been taken to ensure that the information provided is correct and in accordance with our current understanding of the law and Her Majesty's Revenue and Customs (HMRC) practice as at January 2016.

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