



REMITTANCE BASIS



WHICH TAX REGIME MAY APPLY?

The ordinary tax regime applicable is known as the **“arising basis”**. An individual UK tax resident is subject to UK tax on his/her worldwide income and gains.

Another tax regime may apply called the **“remittance basis”** and allows tax advantages, in particular for non domiciled individuals with significant wealth overseas.



REQUIREMENTS FOR THE REMITTANCE BASIS

An individual tax resident in the UK with a “domicile” outside the UK can opt for the remittance basis of taxation. He/She can benefit from this regime for 15 years over the last 20 UK tax years.

- › This regime allows none UK tax liability in respect of all foreign income and capital gains, provided they are not remitted to the UK, i.e. brought to, received in or used in the UK by resident individuals or relevant person.
- › UK tax would be chargeable on all UK source income arising and UK capital gains accruing in the relevant UK tax year.
- › “Clean capital” held overseas can be spent in the UK tax free.
- › Free the first 7 years, then 30'000 GBP after 7 years of residence in the UK, and increasing up to 60'000 GBP after 12 years of residence over the last 15 years. Then, no longer available (‘deemed domicile’).



RESTRICTIONS

Assets held overseas in a personal bank account may require particular scrutiny to operate by taking account the UK tax angle.

- › Constraints on investments and the organisation of the bank account
- › The remittance basis can be elected for 15 years over the last 20 UK tax years
- › No benefit of double tax treaties
- › No annual allowances nor annual tax exempt amount
- › To keep the ‘non domicile’, so a domicile overseas, while resident in the UK



EXPERTISE

We can help you understand the specificities, advantages and constraints of this system and help you structure your assets and your income in accordance with the tax system.

Edmond de Rothschild's international Wealth Planning network is at your disposal for any further information.

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