

# Non-UK domicile tax

Helping you manage your UK tax affairs





## Non-UK domiciled status

You may be living, or planning to live, in the UK for any number of reasons, whether family, study or business. Each individual situation brings with it unique challenges. For example, if your domicile is outside the UK, you may not have to pay UK tax on all your foreign income and gains, although you will be liable to tax on UK income or gains while you are resident here.

Managing your money in the best way possible while making sure you have complied with all the rules and regulations in the UK can be a daunting prospect, particularly in light of all the recent changes and those that came into effect from 6 April 2017.

For over a century our reputation and success has largely been built on looking after the financial affairs of private clients, their families and business interests. We can use this experience to support you in facing these challenges. Our size, resources and focus on private clients means that we can act responsively and quickly to create a bespoke service to meet your needs.



# What we offer

We offer advice on a broad range of financial and tax aspects, including:

- income tax
- inheritance tax
- capital gains tax
- remittances to the UK
- offshore and UK structures (including trusts and companies)
- financing the acquisition of UK property or other assets
- business investment relief
- supporting internationally mobile employers and their employees and managing their UK and foreign tax obligations.

We work closely with offshore lawyers, trustees and banks, including areas such as the Tier 1 entrepreneur visa and the Tier 1 investor visa. Where appropriate, we can consult with colleagues from Nexia International to ensure that UK planning is compatible with that in the jurisdiction of your country of domicile and those other countries in which you have financial interests.



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# How do we add up?

Working with private individuals is our *raison d'être*. We understand the essentially personal and discreet nature of the service required by clients in connection with their private and business interests.

**Private tax clients:** we provide tax advice for over 6,500 individual clients, including non-UK domiciled clients, and deal with all their compliance requirements.

## Case study 1

A non-UK domiciled client had been UK resident for six tax years and was reluctant to pay the remittance basis charge. We helped him to 'rebase' many of his foreign assets and to accelerate his income into the final year before the £30,000 was payable. This meant that his worldwide income and gains in later years were much lower. He then paid tax on these on the arising basis and was able to remit this foreign income to the UK for spending.

## Case study 2

A non-resident family planning to relocate to the UK wished to ensure sufficient funds were in place to support not only their investor visa applications, but also to provide sufficient funds for living expenses for several years. Not all the funds were required in the UK at this time and the majority of funds were tied up in an offshore investment company and could not be realised. The share capital of the offshore capital was restructured to enable shares to be redeemed at future dates so that future remittances were of capital.

## Case study 3

A non-dom individual asked for our assistance in relation to his status. It transpired that he had been paying the remittance basis charge but also making unreported remittances from overseas funds. We registered him for the Liechtenstein Disclosure Facility and undertook an analysis of the remittances, which included income and gains from overseas trusts, investments and properties, to determine how much of what he had remitted was taxable and we prepared a report for HMRC. While the LDF is now closed, we can still assist disclosure to HMRC with the worldwide disclosure facility.

**Trusts:** we act for over 1,500 trusts with asset values ranging up to £1bn. These include offshore trusts and charitable trusts.

## Case study 1

An offshore trust which had been created by a non-UK resident and non-UK domiciled individual held a UK residential property via an offshore company and so was coming within the scope of UK inheritance tax from 6 April 2017 for the first time. We compared the costs and benefits of keeping the structure in place to unwinding the structure so the settlor held the property or shares in the company directly, having regard to annual tax on enveloped dwellings (ATED) income tax, capital gains tax, inheritance tax and stamp duty land tax (SDLT).

## Case study 2

A client was becoming deemed domiciled for all tax purposes from 6 April 2017 and so we reviewed the benefits for her of creating an offshore trust to protect her assets, primarily from UK inheritance tax. This included consideration of the terms of the trust, the individuals who should be included in the class of beneficiaries and the type of assets which should be held by the trustees.

## Our other specialisms

- Landed estates: we act for landed estates throughout the UK, whose combined area exceeds 162,000 hectares
- Charities: we act for over 400 charities, ranging from major household names through to private charitable trusts where we are very experienced in dealing with specialised tax issues and liaising with the Charity Commission
- Professional partnerships: we act for more than 350 general partnerships and limited liability partnerships and are seen as a leading adviser in this area
- Bloodstock and sports horse industries: we act for breeders, owners and riders in the thoroughbred industry as well as owners in the showjumping, eventing and dressage worlds

# Our approach

We work together with our clients' other professional advisers, particularly their bankers and legal advisers, to provide cohesive advice in their best interests. We strongly believe that it is not in our clients' interest for us to compete. Any successful relationship takes time to build and we have experience of doing so with many advisers, on behalf of high net worth clients. We have always taken the view that the best advice is usually developed by taking into account the different perspectives offered by the client's whole advisory team.

Our strong relationship with HMRC reflects our good reputation and we regard our dealings with the tax authorities as highly significant. Having a sound, professional relationship with HMRC is increasingly important as a tax adviser. For a private individual, attracting the attention of HMRC can be both intimidating and irritating. Our confident and experienced team of advisers can relieve the pressure.

## Smith & Williamson at a glance

- An award-winning independent financial and professional services group founded in 1881
- Has around 1,500 people in 12 offices in the UK, Ireland and Jersey
- Provider of accountancy, taxation and financial advisory services
- Top ten firm of accountants in the UK\*
- UK-based with headquarters in London

*\*According to the latest survey of the market by Accountancy Age magazine*

### Awards

- Top 25 Accountancy Firms, five years in a row (2011-2016), e-Private Client
- Winner - Accountancy Firm of the Year - Non Institutional, CitywealthMagic Circle Awards 2015
- Winner - Multi-Family Office Team of the Year, STEP Private Client Awards 2014/15
- Winner - Accountancy Team of the Year, STEP Private Client Awards 2013/14
- National Firm of the Year - British Accountancy Awards 2017



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Smith & Williamson is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

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**Our offices:** London, Belfast, Birmingham, Bristol, Cheltenham, Dublin (City and Sandyford), Glasgow, Guildford, Jersey, Salisbury and Southampton.

**Smith & Williamson LLP** Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International. The word partner is used to refer to a member of Smith & Williamson LLP.

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