

Pre-Arrival Tax Planning

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As part of our fortnightly Private Wealth Planning series **Frederick Bjørn** looks at “Pre-Arrival” Tax Planning for those seeking to become UK resident.

When will I become UK resident?

The UK runs a day counting test to assess residence. Whilst this can be straightforward, there are a number of variables which mean that each case has to be looked at on its facts, and the old '90 day test' with which you may be familiar is no longer an appropriate rule of thumb.

For more information you can refer to our briefing note: [Click here](#).

Is the UK tax year different from the calendar year?

Yes - the UK tax year runs from 6 April in one year to 5 April in the next year. This will be different from the tax year of your current jurisdiction and may present opportunities or complications.

What is a Resident Non Domiciliary (RND or Res Non Dom)?

Res Non Doms are individuals who are resident in the UK but who have a domicile in another jurisdiction. The law on domicile is complicated but in overview, you will generally take the domicile of your father at the date of your birth (your so called 'domicile of origin').

Will I become a UK domiciliary when I arrive?

No - your domicile of origin will remain with you until such time as you reside in a jurisdiction with the intention to remain there permanently or indefinitely.

For tax purposes, any individual who has been resident in the UK for 15 of the past 20 tax years will automatically be treated as domiciled in the UK.

What does my RND status mean for me?

Income Tax and Capital Gains Tax

The UK has a special regime for Res Non Doms who come to live in the UK – this is known as the remittance basis of taxation. This provides that a Res Non Dom is not liable to income and capital gains tax on non UK income and gains, provided that these are not 'remitted' (which broadly means 'brought into') the UK.

Inheritance Tax (IHT)

UK domiciliaries pay IHT on their worldwide assets whereas non-UK domiciliaries pay IHT on their UK situated assets only. There is no IHT charge on the first £325,000 of an individual's estate but after that the charge is a flat rate 40%, subject to any available exemptions.

What should I do before I arrive?

There are lots of steps you can take before you become UK resident in order to optimise your tax position when you become resident in the UK. Some of these are highlighted in the following briefing note, along with 'traps for the unwary': [Click here](#).

If you would like to discuss any of the issues raised, please do not hesitate to contact the author or your usual Payne Hicks Beach contact.



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