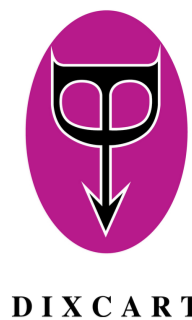


NON-UK DOMICILES - TIMELINE FOR UK TAX PLANNING



This timeline follows a non-domiciled married couple currently living in the UK who have never been UK tax resident before. They have a home in the UK and UK source employment income. The couple have significant investments and related income overseas. They do not wish to live in the UK indefinitely and have a property in their home country, ready for their return. This timeline provides a summary of the couple's tax position over the years of residence.

INCOME AND CAPITAL GAINS

The remittance basis is only taxed on foreign income and gains remitted to the UK, which must be claimed. It is not automatically applied unless non-UK income is less than £2,000 during the year.

INHERITANCE TAX (IHT)

YEAR 1

The remittance basis is available. Depending on the timing and circumstances of their arrival, the couple may wish to claim a "split" year, therefore reducing the period of time they are considered UK tax resident.

Only on UK assets within the couple's UK IHT estate.

YEAR 2

The remittance basis is available. If the couple have claimed a "split" year in the previous year, they must remain tax resident for the remainder of this year.

Only on UK assets within the couple's UK IHT estate.

YEARS 3-6

The remittance basis is available.

Only on UK assets within the couple's UK IHT estate.

YEARS 7-11

The remittance basis is only available if the taxpayer pays a fee (the remittance basis charge 'RBC') of £30,000 per annum. An individual who does not pay this charge will be taxed on a worldwide basis. Local tax paid elsewhere may be available as tax credits.

Only on UK assets within the couple's UK IHT estate.

YEARS 12-15

The remittance basis is only available if the taxpayer pays RBC of £60,000 per annum. An individual who does not pay this charge will be taxed on a worldwide basis. Local taxes paid elsewhere may be available as tax credits.

Only on UK assets within the couple's UK IHT estate. Planning should commence in anticipation of the changes in position once the individual has been UK tax resident for more than 15 years.

Planning should commence in anticipation of the changes in position once the couple has been UK tax resident for more than 15 years.

Such planning is likely to include lifetime gifts and/or the settlement of non-UK trusts.

YEARS 15+

The remittance basis is no longer available. The couple will now be taxed on a worldwide basis. Tax credits may be available for non-UK taxes suffered at source.

The couple's worldwide estate is now subject to UK taxation, subject to certain limited double tax treaties with specific countries.

For more information on UK Tax Residence, UK Domicile, the Remittance Basis and/or Inheritance Tax, please contact advice@dixcart.com.