

# INPATRIATES

## United Kingdom

### Tax Facts for International Assignees



#### INCOME TAX: WHO IS LIABLE

UK residents are subject to tax in respect of their worldwide income and gains (though with potential reliefs for those individuals who are regarded as non-UK domiciled). Non-residents are generally subject to tax on income arising in the UK.

A UK resident, but non-domiciled, individual can, each year, elect to be taxed under either the remittance basis (i.e. taxed on the overseas income and gains only to the extent this is brought into the UK) or the arising basis (i.e. taxed on all income and gains in the year in which it arises). Electing to be taxed under the remittance basis will result in an additional tax, known as the remittance basis charge (RBC), where the individual has been resident in the UK for at least 7 out of the 9 preceding tax years, with the charge increasing if they have been resident in the UK for 12 of the preceding 14 tax years. Making this election will also result in the loss of the Personal Allowance (for income tax) and the Annual Exemption (for capital gains tax).

When a non-UK domiciled individual arrives in the UK, they may be eligible for relief, known as the overseas workday relief, on their employment income relating to non-UK workdays. This relief is available provided the income relating to the non-UK workdays is paid and kept outside the UK and the individual elects for the remittance basis of taxation when filing their UK tax return. Please note there are strict rules around what constitutes being paid outside the UK and the type of offshore bank account that can be used. From April 2017, there are new rules for non-UK domiciled individuals who stay in the UK for long periods: they are deemed to be UK domiciled after 15 years of UK residence so cannot elect for the remittance basis and claim overseas workday relief. Where it applies, overseas workday relief can be claimed for up to three tax years.

Residence is established separately for each UK tax year (to 5 April). Where an individual leaves or returns to the UK during the tax year it may be possible to split the tax year so that they are taxed as a resident for part of the tax year and as a non-resident for the rest of it.

The UK uses a series of tests to determine an individual's residence position which examine the time spent in the UK, the availability of a home in the UK, whether any work is performed in the UK and the ties an individual may have with the UK. An overview of the rules likely to apply to an individual arriving in the UK can be found below.

The first step is to consider the number of days spent in the UK. An individual will 'automatically' be resident in the UK if they are present in the UK for 183 or more days in the tax year. Please note that generally speaking a day is counted as a UK day if the individual is present in the UK at midnight.

Generally speaking, if an individual spends less than 183 days in the UK in the UK tax year, they will still be regarded as resident in the UK if they either:

Have a home in the UK which:

- Is available for at least 91 consecutive days, and
- Of these days, at least 30 days fall within the tax year in question, and
- There is no home available overseas or, where there is an overseas home, less than 30 days are spent in this overseas home during the tax year in question

Or

Work full time in the UK with no significant break of 31 days or more:

- For 365 days (all or part of which fall within the tax year),

*(continues)*

- Where more than 75% of the workdays in the 365 day period are UK workdays, and
- At least one workday falls within both the 365 day period and the tax year in question. A workday for these purposes is any day where more than three hours are worked.

If neither of the above tests is met, then we would examine the individual's ties to the UK and the number of days spent in the UK to determine their UK residence position. The SRT rules are complex and specific advice should be sought to determine an individual's residence status.

## REGISTRATION/FORMALITIES

Form SA1	To obtain a unique Taxpayer reference (UTR) number so that the assignee can file UK tax returns
Form 64-8	To be used where an agent, such as BDO, is filing the assignee's UK tax return on their behalf
National Insurance (NI) Number Application	Where the assignee is liable to UK National Insurance Contributions (NIC), an application for an NI number should be made
<a href="#">Expat Starter Checklist</a>	Employers should use the checklist when taking on an employee seconded to work in the UK from overseas so that they can be included on a UK payroll

## INCOME TAX RATES

England, Wales & Northern Ireland - Bands	2021/22	Dividends <sup>2</sup>	Other income	2022/23	Dividends <sup>2</sup>	Other income
Starting rate for savings <sup>1</sup>	£0-£5,000	0%	0%	£0-£5,000	0%	0%
Basic	£0-37,700	7.50%	20%	£0-37,700	7.50%	20%
Higher	£37,701-£150,000	32.50%	40%	£37,701-£150,000	32.50%	40%
Additional	Over £150,000	38.10%	45%	Over £150,000	38.10%	45%
Scottish bands <sup>4</sup>	2021/22	Dividends <sup>2</sup>	Other income	2022/23	Dividends <sup>2</sup>	Other income
Starting Rate	£1-£2,097	N/A <sup>3</sup>	19%	£1-£2,162	N/A <sup>3</sup>	19%
Basic	£2,098-£12,726	N/A <sup>3</sup>	20%	£2,163-£13,118	N/A <sup>3</sup>	20%
Intermediate	£12,727-£31,092	N/A <sup>3</sup>	21%	£13,119-£31,092	N/A <sup>3</sup>	21%
Higher	£31,093-£150,000	N/A <sup>3</sup>	41%	£31,093-£150,000	N/A <sup>3</sup>	41%
Additional	Over £150,000	N/A <sup>3</sup>	46%	Over £150,000	N/A <sup>3</sup>	46%

Notes:

1. The 0% starting rate is for savings income only. If non-savings income is above this limit then the 0% starting rate for savings will not apply.
2. Dividends falling in this band. Dividends treated as top slice of income.
3. Applies to most income of Scottish residents. However, the UK thresholds and rates still apply to their 'savings' and dividend income and capital gains.

Income Tax Allowances	2021/22	2022/23
Personal Allowance <sup>1</sup>	£12,570	£12,570
Income limit for personal allowance <sup>2</sup>	£100,000	£100,000

Notes:

1. The Personal Allowance shown applies to individuals born after 5 April 1938. Individuals born prior to this date are eligible for a higher allowance; however this higher allowance is subject to income limits.
2. The Personal Allowance is reduced by £1 for every £2 of income above £100,000. This reduction applies irrespective of date of birth.
3. UK nationals and EEA citizens are entitled to the Personal Allowance during a year of non-residence. Other non-residents may also receive a Personal Allowance if allowed under a relevant double tax treaty.

## SOCIAL TAX RATES

### Class I - 2021/22

Weekly	Monthly	Annual	Employee <sup>2</sup>	Weekly	Employer <sup>3</sup>
£0 - £120 (LEL)	£0 - £520	£0 - £6,240	Nil		Nil
£120 - £184 (PT)	£520 - £797	£6,240 - £9,568	Nil <sup>2</sup>	£0 - £184 (ST)	Nil
£184 - £967 (UEL)	£797 - £4,189	£9,568 - £50,270	12%	£0 - £967 (UST, AUST) <sup>3</sup>	Nil <sup>3</sup>
Over £967	Over £4,189	Over £50,270	2%	Over £184 (ST) / £967 (UST, AUST) <sup>3</sup>	13.80%

### Class I - 2022/23

Weekly	Monthly	Annual	Employee <sup>2</sup>	Weekly	Employer <sup>3</sup>
6 April 2022 to 5 July 2022:					
£0 - £123 (LEL)	£0 - £533	£0 - £6,396	Nil		Nil
£123 - £190 (PT)	£533 - £823	£6,396 - £9,880	Nil <sup>2</sup>	£0 - £190 (ST)	Nil
£190 - £967 (UEL)	£823 - £4,189	£9,880 - £50,270	13.25%	£0 - £967 (UST, AUST) <sup>3</sup>	Nil <sup>3</sup>
Over £967	Over £4,189	Over £50,270	3.25%	Over £190 (ST) / £967 (UST, AUST) <sup>3</sup>	13.80%
6 July 2022 to 5 April 2023					
£0 - £123 (LEL)	£0 - £533	£0 - £6,396	Nil		Nil
£123 - £242 (PT)	£533 - £1,048	£6,396 - £12,570	Nil <sup>2</sup>	£0 - £242 (ST)	Nil
£242 - £967 (UEL)	£1,048 - £4,189	£12,570-£50,270	13.25%	£0 - £967 (UST, AUST) <sup>3</sup>	Nil <sup>3</sup>
Over £967	Over £4,189	Over £50,270	3.25%	Over £242 (ST) / £967 (UST, AUST) <sup>3</sup>	15.05%

#### Notes:

1. The limits are defined as LEL - lower earnings limit; PT - primary threshold; ST - secondary threshold; UST - upper secondary threshold; AUST - apprentice upper secondary threshold and UEL - upper earnings limit.
2. No NIC is actually payable but notional Class 1 NIC is deemed to have been paid in respect of earnings between the LEL and PT to protect contributory benefit entitlement.
3. UST applies only for employees aged under 21; AUST applies only for employees aged under 25 who are apprentices.

Classes 1A + 1B	2021/22		2022/23	
(A) Car, car fuel and other benefits	13.8%		15.05%	
(B) PAYE settlement agreement	13.8%		15.05%	
Other classes				
Class 2 self-employed annual profits	Over £6,515	£3.05pw	Over £6,725	£3.15pw
Class 3 voluntary	£15.40 pw		£15.85 pw	
Class 4 self-employed annual profits	£9,568 - £50,270	9%	£11,908 and £50,270	10.25%
	Over £50,270	2%	Over £50,270	3.25%

Notes:

- Employees assigned overseas to an EEA country (and Switzerland) or a reciprocal agreement country (e.g. USA, Canada) may in certain circumstances remain within the NIC system.
- Employees assigned overseas to a non- agreement country (e.g. Brazil, Hong Kong) will continue to be liable to NIC for the first 52 weeks of their secondment.

**For further information and to register for future updates contact [expat@bdo.global](mailto:expat@bdo.global)**

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