

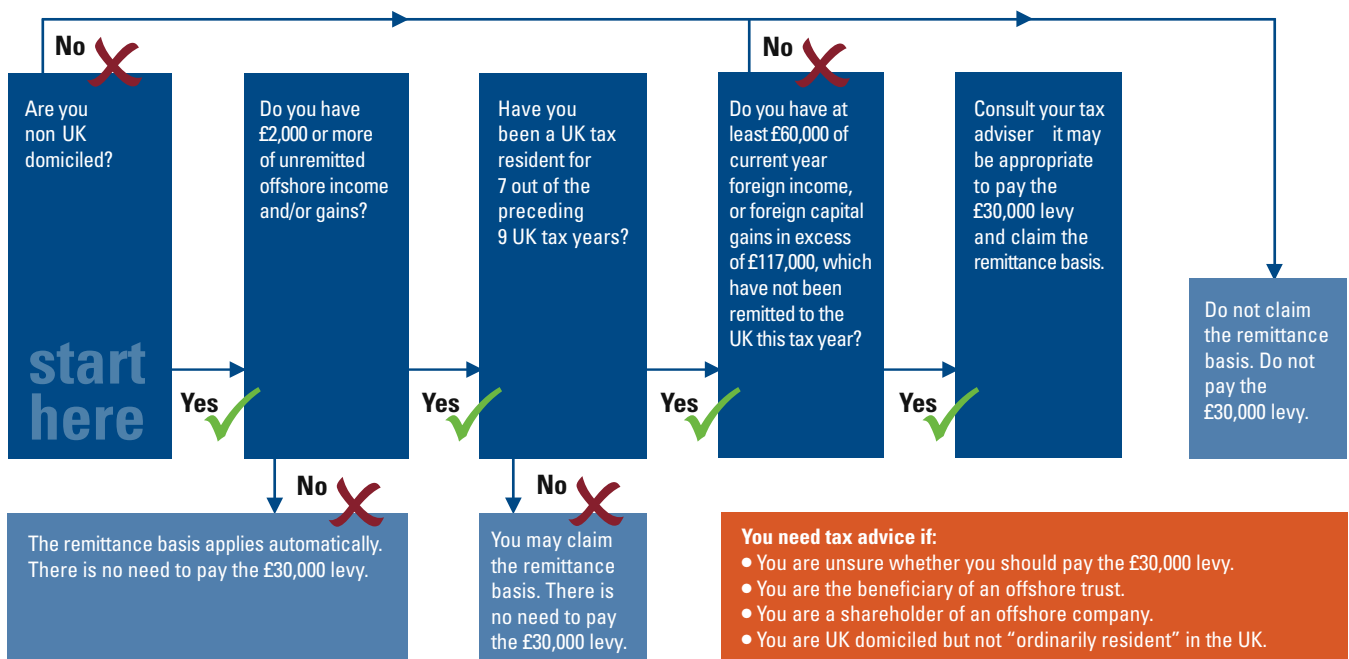
The £30,000 Remittance Levy

From 6 April 2008, every “non-dom” who is a long-term resident in the UK will have to decide for each tax year whether to pay the £30,000 charge to be assessed on the “remittance basis” of taxation on his/her foreign income and foreign capital gains. For filing purposes a decision should be taken prior to the 31 January following the end of each tax year for which a remittance basis claim is being considered. However from a practical perspective it may be preferable to make a decision prior to or during the tax year for which a claim is being considered. This allows for planning during the year, together with the opportunity to deal with nominated income or gains which is required to make a valid remittance basis claim for individuals subject to the £30,000 charge.

It is important to note

- The income arising in offshore and UK trusts of which you are a settlor or a beneficiary may be included in your income.
- Husbands and wives are each separately liable for the £30,000 levy.
- The income or capital gains arising in any offshore companies in which you invest may be included in your income and gains.
- It may be possible to structure your investments such that it is not necessary to pay the £30,000 charge every year.
- If you have received a capital benefit from a trust you may have to include trust gains or income in your personal tax calculations.
- You may choose to pay the £30,000 levy in order not to have to disclose your worldwide income and gains on your UK tax return.
- Individuals not ordinarily resident in the UK may also be able to claim the remittance basis.
- The decision tree is based on current tax rates applicable for the 2010/11 tax year.
- The suggested £60,000 de minimis level of foreign income assumes a 50 percent income tax rate applies, whilst the £117,000 de minimis level of foreign gains assumes a 28 percent capital gains tax rate applies. For those taxpayers subject to lower rates, the decision is complicated by the interaction of various tax rates and allowances and we recommend that in these circumstances specialist advice is taken.

The decision tree below is designed to help clients make that decision but it is not a substitute for professional tax advice.





Contact us

If you would like to find out more about how KPMG can advise you on the remittance basis, please contact your local Private Client adviser:

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