



GMS Flash Alert

2020-083 | March 20, 2020



United Kingdom - HMRC Publishes Guidance on COVID-19 and Statutory Residence Test

An individual's U.K. tax residency status is determined using the Statutory Residence Test (SRT).¹ Under the SRT, the number of days an individual spends in the U.K. during the U.K. tax year is taken into account in a number of the detailed rules that apply to determine their U.K. residency position.

In certain (but not all) cases, a day spent in the U.K. can be considered 'exceptional', and can therefore be disregarded, when counting the number of days an individual has spent in the U.K. for the purposes of the SRT.²

HMRC has published guidance on when an individual's presence in the U.K. by reason of the COVID-19 outbreak will be considered to be the result of 'exceptional circumstances'.³

WHY THIS MATTERS

Many taxpayers and their employers are concerned about the impact that additional unplanned days spent in the U.K. may have on their U.K. tax residency status.

HMRC's additional guidance provides some welcome clarity in cases where individuals have needed to spend additional days in the U.K. due to COVID-19-related restrictions.

Exceptional Circumstances

Generally speaking if an individual is present in the U.K. at the end of a day, that day will be regarded as spent in the U.K. for the purposes of the SRT.

However, in certain (but not all) cases this does not apply if the individual:⁴

- would not ordinarily be present in the U.K. at the end of that day, but they are prevented from leaving due to 'exceptional circumstances beyond [their] control'; and
- intends to leave the U.K. as soon as those circumstances permit.

Up to 60 days can be disregarded as due to exceptional circumstances in any one U.K. tax year. It should be noted that exceptional circumstances only applies to certain of the rules to determine U.K. residence under the SRT. For example, if an individual works a number of days in the U.K. then, even in exceptional circumstances, these will still be counted as U.K. work-days for the purposes of the 30 day work-day limit which applies to non-U.K. residence by virtue of 'working full-time abroad'.

HMRC Guidance Relating to COVID-19

HMRC has published guidance considering the travel restrictions and quarantine conditions imposed by many countries due to COVID-19. It has confirmed that an individual's presence in the U.K. can be considered due to 'exceptional circumstances' in the following four scenarios:

- if the individual is quarantined or advised by a health professional to self-isolate in the U.K. as a result of the virus;
- if the individual finds himself in a 'lockdown' situation as a result of the virus;
- if the individual is unable to leave the U.K. due to the closure of international borders; or
- if the individual is asked by his employer to return to the U.K. temporarily as a result of the virus.

KPMG NOTE

This additional guidance will be welcomed by employees and employers who are concerned about the impact of having to spend additional days in the U.K. due to COVID-19 on an employee's U.K. residency position.

However, even where there are exceptional circumstances care is required as the additional days can only be disregarded for certain of the rules under the SRT, and not others. The example referred to above of U.K. work-days spent by an individual claiming to be non-U.K. resident by virtue of 'working full-time abroad' is an illustration of this point.

FOOTNOTES:

- 1 For full details of the Statutory Residence Test, please click [here](#).
- 2 For HMRC's previously published guidance on Exceptional Circumstances, click [here](#).
- 3 For HMRC's new guidance on The Statutory Residence Test and Coronavirus, click [here](#).
- 4 Finance Act, 2013, Schedule 45, para 22.

* * * *

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in the United Kingdom:



Colin Ben-Nathan
Director

Tel. + 44 (0) 207 3113363

Colin.ben-nathan@kpmg.co.uk



Nicola Sard
Manager

Tel. + 44 (0) 20 7694 3592

Nicola.sard@kpmg.com

The information contained in this newsletter was submitted by the KPMG International member firm in the United Kingdom.

© 2020 KPMG LLP, a UK limited liability partnership, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

www.kpmg.com

kpmg.com/socialmedia



© 2020 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in the U.S.A. NDPPS 530159

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The KPMG logo and name are trademarks of KPMG International. KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint ventures. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever. The information contained in herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Flash Alert is a GMS publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our GMS practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com>.