Taxation of international executives: United Kingdom

March 2024

Contents

01

Overview and Introduction

1 Overview and Introduction

The extent of the liability to UK tax on earnings depends upon the individual's residence status in the United Kingdom. This is determined using the Statutory Residence Test (SRT).

Until 5 April 2025, the domicile status of the individual can also affect the tax liability, and this is particularly relevant as many cross border inbound assignees are likely to be foreign domiciliaries ('non-doms'). The UK Government announced in the Spring Budget of March 2024 that they intend to remove the concept of domicile effective from 6 April 2025.

The article that follows is based on the law as it stands at the time of writing (March 2024).

The maximum UK income tax rate for the tax year ending 5 April 2025 is 45 percent (the UK tax year that runs from 6 April 2024 to 5 April 2025 is commonly referred to as 2024/25).

The UK tax authority is known as His Majesty's Revenue and Customs (HMRC).

The official currency of the UK is the pound sterling, often referred to just as sterling or as the British pound (GBP). The UK has a decimal currency system with 100p (pence) making up GBP 1 (one pound).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

02

Income tax

2 Income Tax

2.1 Tax returns and compliance

When are tax returns due? That is, what is the tax return due date?

If an individual meets the requirements to report their income to HMRC, they are required to notify HMRC of this by 5 October following the relevant tax year end. The deadlines for tax returns to be submitted to HMRC are as follows:

- 31 October, if a paper return is filed (whether or not the taxpayer wishes HMRC to calculate the liability); and,
- 31 January, if the return is filed online (the liability is then calculated automatically). To enable an individual to file a return online, they must be in possession of a UTR (Unique Taxpayer Reference), which is issued by HMRC when they know a tax return may be required from the individual.

What is the tax year end?

5 April.

What are the compliance requirements for tax returns in the United Kingdom?

Married persons are treated separately for tax purposes, and spouses are individually responsible for completing their own tax return. Their tax liabilities are calculated separately.

Only individuals who meet certain requirements need to file a UK tax return. Typically, if an individual's only UK taxable income in the 2023/24 tax year is employment income of less than £150,000 which is subjected to tax withholding at source, they would not need to file a tax return. From the 2024/25 tax year onwards, the threshold has been removed and an individual will not need to file a return if their only income is employment income subject to tax withholding at source, regardless of income level.

Some of the reasons why globally mobile individuals may need to file a UK tax return include if they are tax equalised, if they have any untaxed income such as rental income or foreign income, to claim certain tax reliefs such as temporary workplace relief or to claim the remittance basis of taxation (this is not a conclusive list).

Residents

Filing

Just after the end of the tax year, a notice to file should be received from HMRC (if this is not received and a tax return is required then the taxpayer must notify HMRC by the above deadline – 5 October following the end of the tax year). The return must be completed and filed with HMRC. The return requires, inter alia, a statement of income and capital gains for the tax year that has just ended.

Late filing penalties

A late filing penalty of GBP100 applies if a return is not delivered by the filing date.

If the filing failure continues for more than 3 months after the filing date, and HMRC decide that a penalty is due and give written notice of the date from which the penalty is due, a daily penalty of GBP10 may be charged.

This penalty may run for a maximum of 90 days from any date specified in the notice that is later than 3 months after the filing date (the date of the notification itself is irrelevant). The daily penalty ceases to accrue if the failure is remedied before the expiry of the 90-day period.

If the failure continues for more than 6 months after the filing date, there is a further fixed penalty of either GBP300 or 5 percent of the tax liability that would have been shown on the return (whichever is the greater).

If the failure continues for 12 months after the filing date a further penalty is imposed. For a non-deliberate failure to file a return, the penalty is the greater of GBP300 or 5 percent of the tax liability. A deliberate and concealed withholding of the tax return can attract penalties of 100 percent of the tax liability (in some cases involving offshore matters (see below), the penalty can exceed 100 percent of the tax – 200 percent in some cases).

For example, HMRC issued a notice to file to individual "Smith" for the 2023/24 tax year on 6 April 2023. Smith was waiting for some of their financial information for the year to arrive and so put the notice to one side and subsequently forgot about it. They then failed to submit their tax return by the 31 January 2025 deadline. As they were very busy with work, they failed to notice the reminders from HMRC, and notices of the penalties accruing and did not submit their tax return until 15 February 2026. Their tax return showed a liability for the year of GBP15,800.

Their penalties would be as follows (based on non-deliberate withholding of tax return):

Penalty accrual date	Amount (GBP)
Late: 15 February 2025	100
3 months late: 1 May 2025 – 29 July 2025 (90 days x GBP10 per day)	900
6 months late: 1 August 2025 (the larger of GBP300 or 5% x GBP15,800)	790
12 months late: 1 February 2026 (the larger of GBP300 or 5% x GBP15,800)	790
TOTAL	2,580

Penalties for Inaccuracy etc.

Tax-based penalties apply also to returns that are incorrect due to carelessness or deliberate and/or concealed behavior. The penalty regime for inaccuracies looks broadly as follows (this does not include the Failure to Correct (FTC) penalty regime, introduced in October 2018, which is outside the scope of this article):

Type of behavior	Unprompted disclosure	Prompted disclosure
Reasonable care	No Penalty	No Penalty
Careless	0% to 30%	15% to 30%
Deliberate	20% to 70%	35% to 70%
Deliberate and concealed	30% to 100%	50% to 100%

Where in a given range, the penalty will actually fall is determined by what HMRC call the quality of disclosure and includes:

- The time lag between the inaccuracy and disclosure;
- The amount of relevant information provision to HMRC;
- The extent to which HMRC are assisted in establishing the correct liability; and,
- The extent to which records are made available to HMRC.

Again, there are increased penalties of up to 200 percent in cases involving offshore matters. An offshore matter is an inaccuracy, failure to notify or deliberate withholding of information that leads to a loss of revenue that is charged on or relates to:

- income arising from a source in a territory outside the United Kingdom;
- assets situated or held in a territory outside the UK; or,
- activities carried on wholly or mainly in a territory outside the UK

Payments

Where the tax return shows additional tax is payable, it is due by 31 January following the end of the tax year (i.e., the online filing deadline). In such cases, the individual will generally also be required to make prepayments of tax for the following tax year. These are based broadly on the previous year's underpayment and are due on 31 January in the tax year and on the following 31 July. Any final, balancing payment subsequently found to be due must be made by the following 31 January.

This payment cycle is best illustrated with an example:

- The tax return filing deadline is 31 January 20243 for the 2022/23 tax year.
- A tax return has been filed for 2022/23 which shows a significant underpayment. This underpayment will be payable by 31 January 2024.
- Two prepayments of tax for 2023/24 will also be required, one on 31 January 2024 and the other on 31 July 2024.
- These prepayments are called Payments on Account (POAs).
- Each POA will usually be based on half of the prior year (in this case 2022/23) underpayment.
- Once the final 2023/24 liability is calculated, the POAs are netted off and any balance due is payable by 31 January 2025 (if the POAs exceed the final liability, the excess is repaid to the taxpayer).
- And the cycle repeats year on year.

Late Payment Interest and Penalties

If payments are not made on time, interest is charged.

Additionally, if the tax is paid more than 30 days late, a penalty of 5 percent of the tax unpaid is charged. Another 5 percent is charged if the delay exceeds 6 months, and again another 5 percent penalty is charged if the delay exceeds 12 months.

Other considerations

It should also be noted that there are strict liability criminal offences in relation to offshore income, assets and activities. The offences cover failure to notify chargeability, failure to deliver a tax return and inaccuracies in documents (e.g., tax returns). There are particular safe-harbors such as the GBP25,000 threshold and the focus is generally on income not reportable under the common reporting standard (CRS).

However, considerable care should be exercised as anyone found guilty is liable to a fine and/or imprisonment for up to 51 weeks in England and Wales (up to 6 months in Scotland and Northern Ireland)

A Failure to Correct (FTC) penalty regime was also introduced in October 2018. This is a backward-looking penalty and any irregularities in respect of offshore matters in tax years up to 5 April 2017 not disclosed to HMRC before 30 September 2018 will be subject to FTC penalties (up to 200 percent of the tax). Specialist advice should be sought.

Non-residents

If a non-UK resident has UK taxable income (generally speaking this will be UK source income e.g., UK rental income) the remarks above concerning UK residents apply equally to them.

As a general rule, non-resident individuals are not normally subject to UK capital gains tax on disposals. However, disposals of UK property and land are one exception. From 6 April 2015, the U.K introduced a non-resident CGT (NRCGT) charge on gains made on the disposal of UK residential property, and this was extended to cover non-residential UK property whether held directly or indirectly (if certain conditions are met) with effect from 6 April 2019.

Unlike the reporting rules outlined above for tax returns, such disposals must be reported online to HMRC and any tax due paid within 60 days of conveyance via HMRC's online Capital Gains Tax on UK property service.

If a property was jointly owned each owner must tell HMRC about their own gain or loss.

There are also anti-avoidance rules in respect of temporary non-resident individuals, where a gain on the sale of a UK-sourced asset whilst non-resident is taxed in the year the individual regains UK tax residency. This is covered in detail in the next section of this guide.

2.2 Tax rates

What are the current income tax rates for residents and Non-residents in the United Kingdom?

Residents

Income tax is calculated by applying a progressive tax rate schedule to taxable income.

Income tax table for 2024/25 – Not including Scotland

The personal allowance (PA) for 2024/25 is GBP12,570. This is the amount of income upon which no income tax is paid. The PA can be restricted in certain circumstances (e.g., income over GBP100,000).

Taxable income bracket		Total tax on income below bracket	Tax rate on income in bracket
From GBP	To GBP	GBP	%
0	37,700	0	20 (basic rate)
37,701*	125,140	7,540	40 (higher rate)
125,141	Over	42,516	45 (additional rate)

Income tax table for 2024/25 – Scotland

		Total tax on income below bracket	Tax rate on income in bracket
From GBP	To GBP	GBP	%
1	2,306		19
2,307	13,991	438.14	20
13,992	31,092	2775	21
31,093	62,430	6.366	42
62,431	125,140	19,528	45
125,141	Unlimited	47,748	48

A Personal Savings Allowance applies to exempt savings interest of up to GBP1,000 from income tax. Higher rate taxpayers will have a reduced allowance of GBP500, and additional rate taxpayers are not entitled to an allowance.

There is also a separate Dividend Allowance of GBP500 which exempts the first GBP500 of dividend income from tax.

Tax Band	Tax rate on dividends over the allowance
Basic rate	8.75%
Higher rate	33.75%
Additional rate	39.35%

The interaction of these reliefs is highly complicated so advice should be sought.

The remittance basis of taxation – until 5 April 2025

For those for whom the remittance basis is available, non-UK income and gains may be taxed, if the individual elects, on the remittance basis of taxation rather than on the arising basis. That is to say, such amounts are not taxed as they arise but only if and when they are remitted to (taken into or used in or brought to) the United Kingdom. There are stringent and complex anti-avoidance rules around what constitutes a remittance.

The remittance basis of taxation does not apply to Foreign Life Insurance policy gains.

This is a highly complex subject. It is beyond the scope of this publication to go into much detail on this topic, as to do so could prove misleading; specialist advice should be taken on any particular situation. However, the following should be noted:

- Eligible individuals are those who are resident in the United Kingdom and:

- not domiciled in the United Kingdom under general principles and not deemed domiciled; or,
- not domiciled in the United Kingdom under general principles, are deemed domiciled but below the GBP2,000 de minimis.

- An individual is considered to be 'deemed domiciled' in the UK if either of the conditions below are met:
  - The individual was born in the UK with a UK domicile of origin, even if they have subsequently gained a domicile of origin in a different country; or
  - The individual has been resident in the UK for at least 15 of the 20 tax years immediately before the relevant tax year
- Most assignees will need to submit a claim to be taxed on the remittance basis. However, an eligible individual whose unremitted non-UK income and gains for a UK tax year total less than GBP2,000 will be granted the remittance basis automatically, and will not need to claim it.
- Individuals should decide, based on their particular circumstances for a tax year, whether or not to claim the remittance basis for that particular year.
- Such a calculation is required year-on-year as individuals who submit a claim in order to use the remittance basis lose certain reliefs. Therefore, it is fact dependent as to whether the remittance basis actually provides a lower tax liability in any given year. The main reliefs lost are:
  - the loss of the annual personal allowance (see above for the current personal allowance figure); and,
  - the annual capital gains tax exemption (GBP3,000 in 2024/25).
- As the personal allowance (GBP12,570 for 2024/25) is phased out for all individuals with income above GBP100,000 (by GBP1 for every GBP2 of income above the GBP100,000 limit) such individuals are less affected by a remittance basis claim.
- A claim to be taxed on the remittance basis is free for the first 7 years of tax residence in the UK Thereafter the Remittance Basis Charge (RBC) must be paid to access the remittance basis as follows:
  - GBP30,000 if you've been tax resident here for at least 7 of the previous 9 tax years; or,
  - GBP60,000 if you've been tax resident here for at least 12 of the previous 14 tax years.
- As alluded to above, where the RBC is payable it must also be factored into the calculation to determine whether the remittance basis is more efficient than being taxed on the arising basis.
- The assignee will also need to consider what income or gains they may need to remit to the UK during a tax year. There are very specific and complex rules regarding identifying the type of income and/or gains an individual has brought into the UK when remitting amounts to the UK from an account which contains funds from more than one source, or for more than 1 tax year (such an account is known as a "mixed fund"). These mixed fund rules can and do give rise to significant unintended tax implications for the unwary.
- It is therefore imperative that individuals who are either currently taxed on the remittance basis or who have previously been taxed on the remittance basis seek advice before remitting any funds / assets to the UK This applies even where the original source of the funds was UK taxed income and/or gains.

Foreign Income and Gains regime – from 6 April 2025

The UK Government has announced that with effect from 6 April 2025, they intend to remove the concepts of domicile and the remittance basis from UK tax legislation, to be replaced with a new Foreign Income and Gains regime. The proposed new regime is a significant simplification of the current rules. The key features are as follows:

- The concept of “domicile” will be abolished from 6 April 2025. Instead, individuals will be eligible for the new FIG regime if they were non-resident in the UK for the previous 10 UK tax years.

- From 6 April 2025, individuals who are eligible and elect to be taxed on the FIG regime will only be taxable in the UK on their UK-sourced income and gains. They will not be taxable on their overseas income and gains – regardless of whether these are remitted to the United Kingdom. Such individuals will lose the benefit of the tax-free personal allowance and CGT annual exempt amount if they elect to be taxed on the FIG regime.

- They can elect to be taxed under the new FIG regime for their first four years of UK tax residence. After this, such individuals will be taxable in the UK on their worldwide income and gains.

The proposed new rules are expected to come into effect from 6 April 2025. The following transitional rules have been announced:

- Individuals who are currently taxed on the remittance basis but will not be eligible for the new FIG regime will be subject to a one-year reduction in the amount of foreign income that will be subject to tax. For the 2025/26 tax year only, only 50 percent of their non-UK income and gains will be subject to UK tax.

- There will be transitional rules which allow capital gains tax rebasing for individuals who have claimed the remittance basis and are non-UK domiciled by 5 April 2025. If they dispose of a personally owned foreign asset in a period where they are not eligible for the new FIG regime, they will be able to elect to rebase the asset to its value at 5 April 2019. This will be subject to conditions that will be published at a later date.

- A Temporary Repatriation Facility (TRF) will be introduced for individuals who were taxed on the remittance basis in an earlier year. If they remit foreign income from this year to the UK in 2025/26 or 2026/27, this will be taxed at 12 percent.

Non-residents

Non-residents are taxed at the same rates as residents; however, they may not be entitled to any UK personal allowances. Their entitlement will depend on their nationality and/or country/jurisdiction of residence and the applicable double tax treaty in force.

Temporary Non-residents

Specific anti-avoidance legislation exists to prevent individuals avoiding UK tax by becoming non-UK resident for a short period and realizing gains or receiving income while non-resident.

Broadly the rules mean that income or gains accruing, realized or remitted during a period of temporary non-residence come back into charge in the year of return. What constitutes a period of temporary non-residence is discussed further below. If the taxpayer remains non-resident for longer than a temporary period (as defined) then the anti-avoidance rules do not apply.

Importantly, not all income and gains are within the scope of the rules. For example, only gains realized on assets held at the date of departure are within the scope of the rules.

Likewise, only certain types of income are within scope, such as distributions for closely-held companies etc.

While the rules are conceptually straight forward, they are very specific in terms of what is within scope and what is not; therefore we recommend that advice is taken before the date of departure from the UK. It is not unusual for individuals to leave the UK expecting to remain non-resident long enough to fall outside the anti-avoidance rules only to return early due to a change in circumstance. Consequently, it is generally helpful to understand the implications in advance.

A period of temporary non-residence is a period which meets the following conditions:

- following a residence period where the taxpayer has a sole UK residence, there is one or more residence periods in which the taxpayer does not have sole UK residence (a sole UK residence broadly means you are not also resident in another country/jurisdiction);
- in 4 or more of the 7 tax years immediately preceding the year of departure the taxpayer had either:
  - a sole UK residence for the tax year; or,
  - the year was a split year that included a residence period for which the taxpayer had a sole UK residence; and,
- the period of non-residence is a period of 5 years or less.

For these special rules not to apply, the period of non-residence must exceed 5 years, that is, a minimum period of 5 calendar years plus 1 day. For example, 4 May 2019 to 5 May 2024.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of the United Kingdom?

As discussed above, an individual's tax liability can be affected not just by their residence status but also by their domicile status.

Residence

An individual's UK residence status is determined using the Statutory Residence Test.

Statutory residence test

Broadly, the SRT is made up as follows:

1. Automatic overseas tests;
2. Automatic UK tests; and,
3. A sufficient ties test.

Our flowchart can be found here. (PDF 152 KB).

Automatic overseas tests

An individual will be classed as non-UK resident if one of the three automatic overseas tests applies (there are a further two automatic overseas tests which are only applicable when the individual dies during the relevant tax year):

- The individual has not been resident in the UK in any of the previous 3 tax years and will spend less than 46 days in the UK in the relevant tax year.
- The individual has been resident in the UK for 1 or more of the previous 3 tax years and will spend less than 16 days in the UK in the relevant tax year.
- The individual is in full time work abroad (as defined in the legislation) in the relevant tax year, spends less than 91 days in that UK in the tax year and no more than 31 days are spent working in the UK For these purposes, a day is classified as a day working in the UK if more than 3 hours of work is performed in the UK on that day (and may include travel time).

If any one of the automatic overseas tests is met, the individual is classed as non-UK resident for the tax year and does not need to consider the SRT any further. Otherwise, the automatic UK residence tests have to be considered.

Automatic UK residence tests

An individual will be classed as UK resident for the relevant tax year if they have not met any of the automatic overseas tests and they meet any one of the following three automatic UK residence tests (there is a further test applicable only if the individual dies during the relevant tax year):

- The individual spends 183 days or more in the UK in the relevant tax year.
- The individual has a UK home for at least 91 consecutive days, at least 30 days of which are in the relevant tax year. In addition, the individual must be present in that home in the relevant tax year for at least 30 days (whether consecutively or otherwise). If the individual also has a home overseas during that 91-day period, they must not be present in that home for more than 30 days in the tax year.
- The individual works full-time (as defined in the legislation) in the United Kingdom. There is a detailed calculation set out in the legislation to determine whether an individual has worked 'sufficient hours' in the UK. However, at a high level, this test will likely be met if the individual spends more than 75% of their working time in the UK in a period of 365 days, of which at least one day is in the relevant tax year.

If the individual has met none of the automatic overseas tests or automatic UK tests, they must then turn to the sufficient ties test to determine their UK residence status.

Sufficient ties test

To determine whether an individual has sufficient ties to be regarded as a UK resident for the relevant tax year, a number of factors are considered in conjunction with the number of days an individual spends in the United Kingdom. Broadly speaking, the more ties an individual has, the fewer days they can spend in the UK before becoming UK resident.

These factors or 'ties' relate to:

- location of family ("family tie");
- availability of UK accommodation ("accommodation tie");
- extent of UK work ("work tie");
- UK presence in earlier tax years ("90-day tie"); and,
- whether more time is spent in the UK than any other country/jurisdiction. ("country tie")

For the sufficient ties test a distinction is drawn between "arrivers" (i.e., individuals who have been not UK resident in any of the previous 3 tax years) and "leavers" (individuals who have been UK resident in 1 or more of the previous 3 tax years).

Arrivers

Where the individual has been regarded as not resident in the UK in all three previous UK tax years, the four 'UK ties' to be considered are:

- the UK resident family tie;
- the accommodation tie;
- the work tie; and,
- the 90-day tie.

The combination of the number of ties the individual has with the UK during the relevant tax year and the number of days the individual is in the UK determines whether the individual is UK resident for that tax year. The criteria are as follows:

Days spent in the UK	Number of UK Ties

Fewer than 46 days	Always non-resident
46 – 90 days	Resident if has 4 UK ties
91 – 120 days	Resident if has 3 UK ties
121 – 182 days	Resident if has 2 UK ties
183 days or more	Always resident

Leavers

Where an individual has been regarded as resident in the UK in at least one of the three previous UK tax years, the five ‘UK ties' to be considered are:

- the UK resident family tie;
- the accommodation tie;
- the work tie;
- the 90-day tie; and,
- the country tie.

The combination of the number of ties the individual has with the UK and the number of days the individual is in the UK during the relevant tax year determines whether the individual is UK resident for that tax year. The criteria are as follows:

Days spent in the UK	Number of UK Ties
Fewer than 16 days	Always non-resident
16 – 45 days	Resident if has 4 UK ties
46 – 90 days	Resident if has 3 UK ties
91 – 120 days	Resident if has 2 UK ties
121 – 182 days	Resident if has 1 UK tie
183 days or more	Always resident

UK Ties

Family Tie

- The individual has a UK resident spouse/civil partner or is living together as such (spouses or civil partners who have separated are not considered for this test); or,
- The individual has a UK resident child under 18.
- The individual will not have a family tie with a child who is under the age of 18 and resident in the UK if they see the child in person in the UK on fewer than 61 days (in total) in the tax year concerned. The individual will also not have a family tie if their child is under 18 and in full- time education in the UK This will be the case provided the child would not be regarded as UK resident if the time they spend in

full-time education in the UK were disregarded and provided that the child spends less than 21 days in the UK outside term-time.

Accommodation Tie

- The individual has an available place to live in the UK for at least 91 continuous days during the tax year and actually spends at least one night there during the tax year.
- Holding a legal interest in the property is not necessary to satisfy the test.
- Breaks of less than 16 days between periods of availability are ignored and are treated as if the property was continuously available. So, for instance, if the same hotel room is booked every other Friday for over 3 months, this may constitute an accommodation tie.
- Stays with a close relative of less than 16 nights in the tax year will not constitute an accommodation tie. A close relative includes parent, grandparent, sibling, child aged 18 or over or grandchild aged 18 or over – all either by blood, half-blood or marriage/civil partnership.

Work Tie

- The individual works more than 3 hours per day in the UK (including business travel within the UK – i.e., to and from UK destinations) for a total of at least 40 days in the tax year.
- If the individual has a 'relevant job on board a vehicle, aircraft or ship' then cross-border travel to the UK is treated as over 3 hours UK work for the work tie test, and cross-border travel from the UK is treated as less than 3 hours UK work for the test.

90-day Tie

- The individual spends more than 90 days in the UK in one of or in each of the prior tax year and the year before that.

Country Tie

- The individual is present at midnight in the UK on equal to or more days than in any other single country.

Domicile

A person's domicile is, broadly, their permanent homeland. The majority of foreign nationals employed by foreign employers who are working on secondment to the UK will not be regarded as domiciled in the United Kingdom (i.e., they will be non-doms) under general principles.

It is not anticipated that many assignees will fall to be treated as deemed domiciled.

The Government has announced that the concept of domicile will be removed from tax legislation with effect from 6 April 2025.

Taxation of short-term business visitors ("STBVs")

If an employee works in the United Kingdom for a period of less than a year in total and spends less than 183 days in the United Kingdom in any one UK tax year, the employee will be treated for tax purposes as a STBV. Such an employee is liable to UK tax on their remuneration attributable to duties performed in the United Kingdom, even if the employer is overseas. Such an employee is likely to be non-resident and consequently not taxable on remuneration relating to non-UK duties. If the employee is resident under the SRT (see above), then overseas workday relief (OWR) and the remittance basis should be considered.

If the STBV remains a resident of their home country/jurisdiction and there is a double taxation agreement between the United Kingdom and that country/jurisdiction, the agreement may exempt the employee from UK tax on all their remuneration provided the following conditions are met:

- The employee is not present in the United Kingdom for more than 183 days during a rolling 12-month period (or during the UK tax year in some agreements);
- The remuneration is paid by, or on behalf of, a non-UK employer; and,
- The remuneration is not borne by a permanent establishment of that employer in the United Kingdom.

Certain UK treaties have other conditions that need to be met so the particular treaty needs to be considered.

For the purpose of counting days for the 183-day test in a treaty, any day on which an individual is present in the United Kingdom will count as a day.

It is the stated intention of HMRC to deny treaty relief in cases where a UK entity is viewed as the economic employer.

Is there a de minimis number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

Under the automatic overseas tests in the SRT, an individual will always be non-UK resident if they spend less than 16 days in the UK during a UK tax year, whether or not they have previously been UK resident.

For the purpose of counting days for this test, a day is when the individual is in the UK at midnight, except in some limited circumstances, such as where the individual is in transit in the UK or due to exceptional circumstances (e.g. war, natural disaster, civil unrest) which prevent the individual from leaving the UK (it is not enough that they are prevented from entering another country/jurisdiction).

What if the assignee enters the country/jurisdiction before their assignment begins?

Depending on the circumstances, it is possible that residency could commence from the first day in the tax year, or the date the assignment begins, or from the date of an earlier entry to the United Kingdom.

Even if not resident in the United Kingdom until the commencement of the assignment, business trips before that date could give rise to a UK tax liability.

2.4 Termination of residence

Are there any tax compliance requirements when leaving the United Kingdom?

HMRC should be notified of an individual's departure (via completion of the form P85 or the Expat Deregistration form, depending on the individual's circumstances), and provided with details to determine their residence status in advance of the annual tax return. This will then allow HMRC to determine whether the tax return filing requirement for post-departure years should be cancelled, and to issue a notice to the employer to allow them to pay the individual without withholding taxes at source, if appropriate.

What if the assignee comes back for a trip after residency has terminated?

This depends on the precise circumstances. It could prolong the period of UK residence. Even if it does not, if the trip relates to business, the associated earnings could give rise to a UK tax liability.

Do the immigration authorities in the United Kingdom provide information to the local taxation authorities regarding when a person enters or leaves the United Kingdom?

No, not as a matter of routine, although this may be provided if HMRC enquire into an individual's residency status or their claim to overseas workday relief and need evidence of the number of days the individual spent in the UK.

Will an assignee have a filing requirement in the United Kingdom after they leave the country/jurisdiction and repatriates?

If there is a liability to UK tax, there is likely to be a filing requirement. This may be the case if the individual has trailing income, such as a bonus paid post-departure or stock options that vest after their departure, or if the individual has other UK-sourced income such as rental income. Strictly speaking, if HMRC have issued a tax return to an individual to complete, even if the individual has left the UK and there is no further UK tax liability, the tax return is still required to be submitted unless HMRC withdraw the notification to file.

Therefore, when assignees leave the UK and are aware there is no further liability to UK tax, they should ensure that they contact HMRC to advise them of their departure and to request that no further tax returns after the year of departure are issued to them.

2.5 Economic employer approach

Do the taxation authorities in the UK adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in the UK considering the adoption of this interpretation of economic employer in the future?

Yes, the economic employer approach has already been adopted.

Is there a de minimis number of days before the local taxation authority will apply the economic employer approach? If yes, what is the de minimis number of days?

59 days (in the tax year provided that the presence in the UK is not part of a more substantial period in the UK).

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

The following categories of income are subject to income tax (not exhaustive):

- earned income
- income from self-employment
- trade or business/partnership income
- dividends
- interest
- rental income
- trust income: and,
- certain gains from offshore funds which do not report any arising income (i.e., it is all rolled up within the fund and reflected in an increased unit value) are also subject to income tax

Other types of income and capital receipts may also be subject to UK income taxes but are outside the scope of this document.

Employment income is taxable when received, or when the employee is entitled to receive it, if earlier. Employment income is subject to UK tax to the extent it was earned during a period of UK residence or, in the case of income earned while non-resident, to the extent it was earned in respect of duties performed in the UK (subject to treaty relief).

Generally speaking, all types of remuneration and benefits received by an employee for services rendered constitute taxable income, regardless of where paid (but if the amount relates to work performed outside the UK, in certain circumstances, the amount which is taxed might be based on the amount remitted to the UK).

Typical items of an expatriate compensation package set out below are, in most circumstances, fully taxable unless otherwise indicated:

- Reimbursements of foreign and/or home country/jurisdiction taxes. In most cases where the UK taxes are, by reason of tax equalization, the employer's responsibility, the compensation should be grossed-up for the tax liability.
- School tuition reimbursements.
- Home leave reimbursements for a non-UK domiciled employee are usually not taxable if the payment is for the travel costs of a trip to the individual's home country/jurisdiction during the first 5 years in the United Kingdom. Similar tax-free treatment applies to family home leave trips provided certain conditions are met.
- Cost-of-living allowances.
- Expatriation premiums for working in the United Kingdom.
- Housing allowances, and the imputed value of housing provided directly by the employer, are normally fully taxable. The imputed value of accommodation rented by the employer is the rent borne by the employer. In the case of accommodation owned by the employer, the imputed value is the annual value as determined for the purpose of domestic rates – a now, largely defunct property tax – plus an additional charge, ascertained by applying an interest rate, determined by HMRC, to the cost (in certain circumstances, market value) of the property in excess of GBP75,000. Any utility costs borne by the employer are taxable. If the employee is seconded to the United Kingdom for a temporary period of no more than 24 months, relief may be available on these costs.
- Benefits-in-kind generally form part of taxable compensation. Where a company car is provided wholly or partly for personal use, an imputed value is included in taxable compensation. Special rules apply to the valuation of the benefits-in-kind when provided pursuant to a salary sacrifice arrangement (such that, broadly speaking, the taxable amount is the higher of the cash forgone or the value of the benefit-in-kind calculated under the normal rules).
- Medical insurance premiums paid by an employer, unless the insurance relates to treatment while the employee is abroad for the purpose of performing employment duties.
- Business expenses reimbursed by an employer or paid by the employer directly to third parties unless wholly, exclusively and necessarily expended in the course of the employment duties.
- Provided certain conditions are met, the employer's contributions to a foreign pension plan may not be taxable and employee's contributions may be deductible. However, such reliefs are restricted to the annual allowance limit (GBP60,000 for 2024/25). This allowance is reduced for individuals with an "adjusted income" of over GBP260,000. The reduction is GBP1 for every GBP2 that the adjusted income exceeds GBP260,000. Thus, individuals with adjusted income of GBP320,000 or more will have an annual allowance of GBP10,000. In certain circumstances where UK tax relief has been claimed on contributions to a foreign pension plan, there could be UK taxation on the benefits subsequently received from the plan.
- Deferred compensation, although reduced UK tax may result if the deferred payment is made in a year subsequent to that of departure from the United Kingdom as lower tax rates might apply. If the deferred compensation is contingent, the UK tax treatment will depend on the nature of the contingency.

Intra-group statutory directors

Will a non-resident of the UK who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company

situated in the UK trigger a personal tax liability in the UK, even though no separate director's fee/remuneration is paid for their duties as a board member?

Yes, generally a non-resident director of a UK company will be taxable in the UK on the duties of the directorship carried out in the UK, and the company will have a payroll reporting and withholding obligation.

1 Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in the UK?

The UK will only seek to tax the earnings of a non-resident director to the extent the directorship duties are actually carried out in the UK.

2 Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in the UK (i.e., as a general management fee where the duties rendered as a board member is included)?

This would generally not impact the UK taxation of directors of a UK company.

3 In the case that a tax liability is triggered, how will the taxable income be determined?

This should be calculated in a 'just and reasonable' manner and would typically be calculated as a proportion of the individual's earnings based on the number of UK workdays out of their total workdays. However, in some circumstances an alternative method of apportionment may be appropriate, such as the portion of UK sales out of total worldwide sales. Advice should be sought to determine the most appropriate method of apportionment.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in the United Kingdom? If so, please provide a general definition of these areas.

The costs of transporting an employee and close family to the UK at the beginning and end of UK assignments are not taxable in most circumstances. Certain other moving expenses may also be non-taxable up to a maximum of GBP8,000.

The exercise of most foreign share incentives gives rise to UK taxable income from employment.

The categories of income that are exempt from income tax include the following.

Gaming winnings

Winnings from betting (including pool betting, or lotteries, or games with prizes) are not chargeable gains, and rights to winnings obtained by participating in any pool betting, or lottery, or game with prizes are not chargeable assets. Strictly, where the prize takes the form of an asset, it should be regarded as having been acquired by the winner at its market value at the time of acquisition.

Long service awards (within certain limitations)

Long service awards are fully tax-exempt if made in the following circumstances:

- The award is not in cash.
- The award is made to an employee to mark long service with an employer. The award marks at least 20 years' service.
- No other long service award has been made to the employee within the previous 10 years.
- The award is worth no more than GBP50 for each year of service.

Individual savings accounts (ISAs) for UK resident individuals

From 6 April 2017, the annual ISA investment allowance is GBP20,000. Different ISA-types exist to facilitate investment of the funds in different asset classes e.g., cash ISA, Stocks and Shares ISA etc.

Any income arising from funds invested in such accounts, such as interest or dividends, are exempt from UK tax.

Certain pensions

Some pensions and allowances paid to war widows and dependents are exempt from tax, as well as similar pensions or allowances payable under the laws of a foreign country/jurisdiction.

Certain social security and state benefits

These include the following (non-exhaustive):

- child tax credit
- housing benefit
- maternity allowance (but statutory maternity pay is taxable)
- employment and support allowance (for the first 28 weeks of entitlement): and,
- attendance allowance.

2.8 Expatriate concessions

Are there any concessions made for expatriates in the United Kingdom?

Until 5 April 2025, 1ssuming the foreign national is not a UK domiciliary and chooses to be taxed on the remittance basis (see earlier – The Remittance Basis of Taxation – until 5 April 2025), non-UK source investment income and foreign capital gains are potentially exempt from tax as they are only subject to UK tax if and when remitted to the United Kingdom.

The Government announced in the Spring Budget of 2024 that the proposed new Foreign Income and Gains rules will come into effect from 6 April 2025 (see earlier – Foreign Income and Gains Regime – from 6 April 2025). Under the new rules, if an individual was non-resident in the UK for the ten years prior to their arrival and elects to be taxed under this regime, for their first 4 years of UK tax residence they will be taxable in the UK on their UK sourced income and gains only regardless of whether their overseas income and gains are remitted to the UK.

Furthermore, Overseas Workday Relief allows certain non-UK domiciled employees to exempt from UK tax such of their unremitted employment income as is attributable to non-UK duties for the first year they are resident in the UK and the next 2 years, providing certain conditions are met.

Any individual who arrives in the UK from 6 April 2025 and elects to be taxed under the FIG regime will qualify for overseas workday relief, regardless of whether they are UK domiciled or not, and the requirement to keep income relating to non-UK workdays outside the UK will be removed. We understand that individuals who arrive in the UK when the old rules are still in place will be able to claim relief for three years, but individuals entering the UK from 2025/26 will only qualify for relief if they meet the new 10-year condition. We are expecting further details on the eligibility criteria to be published once the government has consulted with stakeholders.

Certain expenses such as travelling, housing, and subsistence may be deductible when associated with a short-term assignment of up to 24 months in which the employee is required temporarily to work away from their normal or permanent workplace.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in the United Kingdom? If so, how?

Position until 5 April 2025

Yes, unless the employee is taxed on the remittance basis (see earlier comments about who is eligible to be taxed on the remittance basis) - in which case the following comments apply.

Taxable compensation of individuals who, though resident, meet the conditions as laid out in the Overseas Workday Relief (OWR) statutory rules can be split between UK earnings and foreign earnings by allocating (usually on a time-spent basis) income to foreign duties. The foreign earnings will then only be subject to tax if remitted to the UK.

OWR is only available, generally, for the first 3 tax years of UK residence. Thereafter, once OWR is no longer available, all earnings from that employment are treated as UK earnings and are taxed on the arising basis (i.e., the remittance basis no longer applies to the overseas element).

Once OWR is no longer available, the only scenario where the remittance basis is available for employment income is where the employment is with a non-UK resident employer and all of the duties of employment are performed outside the United Kingdom. In such a scenario, the compensation arising is taxable only to the extent it is received in, or remitted to, the United Kingdom.

Anti-avoidance legislation is in place which limits the availability of the remittance basis to earnings from the offshore contract in “dual contract” scenarios - where the offshore contract is with an associated company the earnings may be taxable on the arising basis unless certain strict conditions are met.

Position from 6 April 2025

Yes, unless the employee is taxed under the new Foreign Income and Gains regime (see earlier comments about who is eligible to be taxed under this regime) – in which case the following comments apply.

Taxable compensation of individuals who, though resident, meet the conditions as laid out in the new Overseas Workday Relief (OWR) statutory rules can be split between UK earnings and foreign earnings by allocating (usually on a time-spent basis) income to foreign duties. The foreign earnings will not be taxable in the UK regardless of whether they are kept outside the UK or remitted to the UK.

OWR is only available, generally, for the first 3 tax years of UK residence. Thereafter, once OWR is no longer available, all earnings from that employment are treated as UK earnings and taxed in the UK.

We are awaiting further information from the UK Government on the interaction between the pre-April 2025 and the post-April 2025 rules. For example, which rules apply when an individual is paid a bonus in May 2025 – i.e., when the rules are in place – but the performance period is the 2024 calendar year – i.e. when the old rules were in place.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains arising to a UK resident individual taxed in the United Kingdom? If so, how?

Yes, unless the employee is taxed on the remittance basis (see earlier comments about who is eligible to be taxed on the remittance basis) – in which case the following comments apply.

- Income: Non-UK source investment income receivable by a non-UK domiciled individual, is taxed only if remitted to the United Kingdom.
- Capital gains: An individual who is not UK domiciled is liable to capital gains tax (CGT) on gains arising outside the United Kingdom only to the extent that those gains are remitted to the United Kingdom. Special rules apply to determine whether a gain is a UK gain or a foreign gain.

The remittance basis rules will be removed with effect from 6 April 2025. From this date, individuals who are eligible for and elect to be taxed under the Foreign Income and Gains regime will only be taxed on their UK sourced income and gains. Their non-UK income and gains will not be taxable in the UK, even if they are remitted to the UK.

There is legislation aimed at preventing individuals avoiding capital gains tax and income tax on certain types of income by becoming temporarily non-UK resident.

CGT – General

CGT is charged on most gains at 10 percent for basic rate taxpayers, to the extent that their total income plus gains less any allowances are within the basic rate tax band (i.e., less than GBP37,700). Any gains falling above this threshold are subjected to CGT at 20 percent.

The exception is gains made on residential property and carried interest which instead are taxed at 18 percent for basic rate taxpayers and 24 percent for higher and additional rate taxpayers.

There is an annual exemption available – that is, an amount which is exempt from tax – unless the individual has claimed to be taxed on the remittance basis (see earlier). The annual exemption for 2024/25 is GBP3,000.

CGT is based on the gain made as calculated in accordance with statutory rules.

Gains of up to GBP1 million may qualify for Business Asset Disposal Relief (previously called Entrepreneurs' Relief) and be subject to tax at 10 percent (this limit was reduced from GBP10 million with effect from 11 March 2020). Broadly relief is available on disposals by an individual or individuals of trading businesses or business assets used in a trade held for a specified period subject to various other prescribed conditions.

A sister relief is Investors' Relief (IR). There is a GBP10 million limit, and the applicable rate is 10 percent. IR is targeted at gains arising from disposals of shares in unlisted trading companies subject to various prescribed conditions.

Dividends, interest, and rental income

These are regarded as investment income. See comments above.

Gains from stock option exercises

The gain on exercise will be apportioned based on the time spent performing duties in each country/jurisdiction and, consequently, for the period when UK duties are performed income tax will arise. This taxable pay may then be relievable under a double tax treaty.

UK tax advantaged share incentive plans may not be liable to U.K taxation but this is a complex area so specific advice should always be sought; the legislation is voluminous, and, in some circumstances, its meaning is disputed. Most non-UK plans are not UK tax advantaged plans and do not qualify for preferential tax treatment.

Foreign exchange gains and losses

Foreign currency gains arising on withdrawals from foreign currency bank accounts are exempt from Capital Gains Tax.

A disposal of foreign currency in more complicated scenarios involving, for example, foreign currency options may still give rise to a taxable gain or allowable loss.

Principal residence gains and losses

In most circumstances, an individual's only or main Principal Private Residence (PPR) is exempt from UK capital gains tax on sale. However, exemption may be only partial where the property has not been considered as the main residence for the entire period of ownership.

Fortunately, the legislation regards the following periods of non-occupation as periods of deemed occupation and so can be included in working out exemption (generally the property must be the individual's PPR after the absence although this is not always the case for absences involving work):

- A period of absence, for whatever reason, not exceeding 3 years (or periods of absence which together do not exceed 3 years).
- Any period of absence throughout which the individual worked entirely outside the United Kingdom.
- Any period of absence not exceeding 4 years (or, if separate, periods of absence totaling 4 years), throughout which the owner was obliged to reside elsewhere as a consequence of their employment.

The last 9 months of ownership are always treated as deemed occupation so long as the property was the individual's main residence at some point prior to this.

An individual may have only one PPR for tax purposes at any one time. Where the individual has more than one residence, they can nominate which property is to be considered as the main residence.

Individuals who dispose of UK property have 60 days to report the disposal and pay any tax due (see above re non-resident CGT or NRCGT), unless the individual is both resident in the UK and the gain is fully covered by PPR. Penalties apply for failure to report the disposal whether or not there is tax to pay. The report should be made online using HMRC's Capital Gains Tax on UK Property service.

The Introduction of NRCGT also required the introduction of anti-avoidance rules in the PPR legislation. Without this addition, a non-UK resident with a UK residential property would have been able to nominate the UK property as their main residence, obtain PPR and thereby avoid NRCGT, rendering NRCGT otiose.

Therefore, a new rule was introduced for situations where the property is located in a different 'territory' to that in which the taxpayer is resident. The new rule restricts the availability of PPR for both:

- non-UK residents with property in the UK and,
- UK residents with property located in another country/jurisdiction.

Broadly speaking, the new test states that a residence (property) owned by a UK or non-UK resident will only be capable of qualifying for PPR if:

- it is located in a territory in which the individual, their spouse or civil partner is resident; or,
- where it is located in a different territory, the individual and/or spouse spends 90 days at the property in the tax year.

Care therefore needs to be exercised when disposing of property while on secondment (either inbound or outbound) and advice should always be sought in advance of any transaction.

Capital losses

Capital losses are usually claimed on the tax return for the tax year in which the loss arose. The time limit for claiming capital losses is 4 years from the end of the tax year in which the loss arose. There is no time limit for claiming losses for 1995-96 and earlier years. Losses can be carried forward indefinitely until there are gains against which they can be set.

Special rules apply for those taxed on the remittance basis. Generally, no relief is available for foreign losses. However, it is possible to make the foreign loss election facilitating some relief for foreign losses. However, once made, this election is irrevocable and fundamentally alters the way losses are relieved while claiming the remittance basis so advice should be sought before the election is made. There is a deadline by which the election should be made so it is recommended that this is discussed as part of the initial arrival briefing when coming to the UK.

Personal use items

Chattels disposed of for less than GBP6,000 do not give rise to a chargeable gain. If the disposal proceeds exceed that amount, the chargeable gain is restricted to five-thirds of the excess proceeds.

Gifts

A gift can constitute a disposal which may be subject to capital gains tax. Certain reliefs are available however e.g., holdover relief and gift relief. Advice should be sought before making the gift.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in the United Kingdom? If so, please discuss?

Unless taxed on the remittance basis, an individual is entitled to an exempt amount of capital gains each year. For 2024/25, the amount is GBP3,000.

Are there capital gains tax exceptions in the United Kingdom? If so, please discuss?

The following disposals, amongst others, not mentioned above, will usually not give rise to capital gains tax (not exhaustive):

- assets transferred between spouses (or civil partners) who are living together
- household goods and personal effects worth less than GBP6,000
- private cars
- gaming winnings
- savings certificates, premium bonds
- stocks and shares held within an ISA; and,
- UK government stocks (gilts).

Pre-CGT assets

Capital gains tax was first introduced on 6 April 1965. There are special rules for the computations of gains on assets acquired before that date.

Deemed disposal and acquisition

A capital sum may arise as a result of a deemed, rather than actual, disposal. The main circumstances in which this would apply include the following:

- compensation received for damage, loss, destruction, or depreciation of assets owned
- capital sums received under insurance policies
- bargains not at arm's length, and transfers of assets to employees such as a gift of an asset for no consideration or at less than market value
- receipt of a capital distribution on shares such as, a share buyback by a company which is not treated as an income distribution.

2.12 General deductions from income

What are the general deductions from income allowed in the United Kingdom?

Unlike certain other jurisdictions, deductions from income are limited. Below are some of the main deductions:

- Annual subscriptions to certain approved professional bodies or learned societies, where the body's activities are relevant to the duties of the employment.
- Higher rate taxpayers will be able to claim tax relief for payments made to UK registered charities if the payment is made under Gift Aid arrangements or other approved arrangements. Payments made to a charity using a payroll giving scheme will receive tax relief at source.
- A deduction is allowed for expenses incurred in performing the duties of an employment, such as business travel expenses (subject to meeting the detailed requirements). In certain circumstances, it may be difficult to obtain a deduction for business entertaining expenses.
- Deductions are also allowed for employee contributions to a UK registered pension plan, or to a foreign pension plan that satisfies certain criteria. There are annual contribution limits which apply to such contributions. An additional tax charge will arise if the contribution limit is exceeded so care is required, and professional advice is recommended.
- The personal allowance (effectively, income taxed at 0 percent) for 2024/25 is GBP12,570. For 2024/25 the personal allowance reduces where the income is above GBP100,0–0 - by GBP1 for every GBP2 of income above the GBP100,000 limit. This reduction applies regardless of age.
- The child tax credit is a means-tested benefit paid directly (rather than through the tax system) to the individual mainly responsible for looking after the child or children. There are no personal allowances in respect of children, although children themselves are entitled to the standard personal allowance if they have income in their own right.

Generally, no deduction is allowed for alimony and child support payments, and neither is the recipient taxable on the amount received. Nor is a deduction available for interest on a loan to purchase a main residence or for investment expenses such as a safe deposit box, safekeeping fees, or investment management fees.

However, it is possible to obtain tax relief for amounts invested in:

- certain qualifying unquoted companies under the Enterprise Investment Scheme (EIS) (30 percent relief on up to GBP1 million per year or GBP2 million provided that that any amount over GBP1 million is invested in one or more knowledge-intensive companies;
- in certain qualifying venture capital trusts (VCTs) (30 percent relief on up to GBP200,000 per year);
- in small early-stage companies in the Seed Enterprise Investment Scheme (SEIS) (50 percent on up to GBP100,000); and,
- in certain buildings on sites in designated enterprise zones.

They cannot create an additional tax refund (other than tax already paid at source). Therefore, it is important that an individual obtains advice before making their investment to ensure they can utilize the available reliefs effectively.

Remittances to invest in certain commercial businesses can also be made without incurring a tax charge via the Business Investment Relief (BIR). But care is required as the criteria are strict and there are anti-avoidance rules which can trip the unwary (albeit they have recently been relaxed slightly)

For anyone seeking to claim more than GBP50,000 of reliefs, a cap is set of 25 percent of income (or GBP50,000, whichever is greater). Again, any individual wanting to obtain tax reliefs in excess of GBP50,000 should seek advice first.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in the United Kingdom?

The most common form of tax reimbursement is current year gross-up. This enables the tax payable by the employer and the income to which it relates to be dealt with together in the same year's tax calculation.

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in the United Kingdom? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Employers in the United Kingdom are required to withhold tax from cash payments made to employees. The system by which the tax is withheld is known as Pay-As-You-Earn (PAYE). Employers must inform HMRC of payments made to employees on or before the day on which the payments are made to the employee. Employers must also pay over to HMRC the amounts withheld on a monthly basis by the 19th of the following month (22nd if payment is made electronically).

The tax month runs from the sixth of one month to the fifth of the next month. Broadly, PAYE should be applied to all cash payments made to employees. In addition to cash payments, PAYE should be operated on a number of additional items such as readily convertible assets (that is, assets which can easily be converted into cash, such as shares in a listed company).

PAYE must also be accounted for in respect of individuals who are employees of non-UK resident employers but who are working for entities in the United Kingdom. If the PAYE is not paid by the overseas employer, the entity for which the employee is working is treated as the employer for the purpose of withholding.

As well as salary, an employee will often be provided with benefits-in-kind. These benefits can be "payrolled" (except accommodation and cheap loans) or reported annually on form P11D. Forms P11D must be provided to employees and HMRC by 6 July following the end of the tax year. Payrolling of benefits will be mandated from April 2026.

In recognition of the complexity of operating PAYE with regard to expatriates assigned to the United Kingdom and who are tax equalized, HMRC may allow, upon request, the employer to operate a Modified PAYE arrangement. Under the arrangement, the employer can prepare a best estimate of all earnings (including cash allowances and non-cash benefits) for the year at the beginning of each year, grossed-up for tax purposes, and calculate the PAYE tax due and make the appropriate payments. The employer is required to undertake an in-year review during the period December to April to take account of any material changes such as calendar or tax year-end bonuses and taxable awards of securities and options. The individual's final tax liability is reconciled through their tax return.

In broad terms, if the tax paid through PAYE is less than 80 percent of the final total tax liability and the employee is not included on a modified payroll, the employee is required to make payments on account in respect of the next year's liability (on 31 January in that year, and on 31 July following the year-end – see above under Tax Returns and Compliance).

Nearly all employers who withhold tax under PAYE are required to report details of earnings and deductions to His Majesty's Revenue and Customs electronically on or before the time of payment of the earnings to the employee.

When are estimates/prepayments/withholding of tax due in the United Kingdom? For example: monthly, annually, both, and so on.

See previous discussion.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in the United Kingdom? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

The United Kingdom has a broad network of double taxation treaties. Usually, for dual resident individuals, an exemption from, or a reduced rate of, UK tax will apply where the individual is determined to be ‘treaty resident’ for treaty purposes in the other state.

If the individual is a resident of the United Kingdom for treaty purposes, relief in respect of income taxable in the other state is generally given by means of a foreign tax credit rather than by exemption.

The UK domestic tax legislation provides, in cases where there is no applicable tax treaty, for relief to be given unilaterally by the United Kingdom for foreign tax suffered on foreign income and gains arising in the other state, which are also subject to UK tax.

2.16 General tax credits

What are the general tax credits that may be claimed in the United Kingdom? Please list below.

The UK tax system is such that, in various circumstances, deductions are permitted when arriving at the amounts of chargeable income or gains but credits against the tax liability are rare. Apart from tax deducted at source, the most common example is foreign tax permitted to be credited against the UK tax liability arising on the same income or gains.

Another example is the credit available for 20 percent of finance costs allowable against rental income albeit, for higher rate taxpayers, this is less attractive than the old system of offsetting the finance costs against the income before calculating the tax.

2.17 Sample tax calculation

This calculation assumes a married taxpayer with two children whose assignment to the United Kingdom begins 17 August 2022 and ends 18 October 2024. The taxpayer’s base salary is 100,000 US dollars (USD) and the calculation covers 3 UK tax years.

	2022 USD	2023 USD	2024 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	See assumptions	See assumptions	See assumptions
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0

	2022 USD	2023 USD	2024 USD
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = GBP0.78

Other assumptions

- All earned income during the assignment is attributable to duties performed in the United Kingdom.
- Bonuses are paid out on a monthly bas–s - one-twelfth per month.
- The interest income arises on a daily basis and it is the only source of non-UK income or gains. As it is more than GBP1,999, for 2022/23 onwards, the individual has to choose whether to be taxed on the arising basis or on the remittance basis. No account has been taken of double taxation relief for tax which might have been payable in the country/jurisdiction of source.
- The company car is used for business and private purposes and originally cost GBP25,000, has a petrol engine, and is used for both business and personal purposes. The employer does not bear the cost of fuel for private journeys. The carbon dioxide emission of the car is 205 g/km.
- Home leave is for return to the employee’s home country/jurisdiction.
- The moving expense reimbursement paid when moving to the United Kingdom is made up of items qualifying for relief in the United Kingdom, subject to the maximum GBP8,000 claim.
- The moving expense reimbursement paid when departing from the United Kingdom relates to the next work that the employee is to undertake; it does not relate to the UK assignment.
- It is assumed that the individual meets one of the cases set out in the SRT so that split year treatment applies on arrival and departure from the United Kingdom.
- Social security contributions are not required for the first 52 weeks of the assignment of a non-UK ordinarily resident individual seconded to the UK, as the employee's home country/jurisdiction has no social security agreement with the UK (the concept of ordinary residence remains for National Insurance Contributions purposes).
- Tax treaties and totalization agreements are ignored for the purpose of these calculations.
- The individual has not spent at least seven out of the previous 9 tax years as a UK tax resident.

Calculation of taxable income

Year	2022/23 GBP	2023/24 GBP	2024/25 GBP
Days in the United Kingdom during year	**232**	**365**	**196**
Earned income subject to income tax			
Salary	49,578	78,000	41,885
Bonus	9,916	15,600	8,377
Cost-of-living allowance	4,958	7,800	4,188

Year	2022/23 GBP	2023/24 GBP	2024/25 GBP
Housing allowance	5,949	9,360	5,026
Company car	5,879	9,250	4,967
Moving expense reimbursement	7,600	0	0
Home leave	0	0	0
Education allowance	1,487	2,340	1,257
Other income (overseas)	2,975		2,513
Total income	88,342	122,350	68,213
Personal allowance	12,570		12,570
Personal savings allowance	500		500
Total taxable income	75,272	122,350	55,143

Tax liability

Year	2022/23 GBP	2023/24 GBP	2024/25 GBP
UK tax thereon	22,569	41,400	14,517

Social security liability

Year	2022/23 GBP	2023/24 GBP	2024/24 GBP
Employee	0	3,479.78	2,703.14

In the above example, it is more beneficial for the individual to file on the arising basis in 2022/23 and 2024/25, and the remittance basis in 2023/24. This is because their overseas income is below the level of the individual's personal allowance and as their overall income is below GBP100,000 when filing on the arising basis the personal allowance is not fully phased out and can cover the overseas income for the tax years 2022/23 and 2024/25.

However, in the 2023/24 tax year, as their overall income is over GBP100,000; the personal allowance would be reduced to nil. Therefore, it is more beneficial to be taxed on the remittance basis in this tax year.

FOOTNOTES:

[1] Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that, if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or a calendar year of a 12-month period) and the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity,

then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction.

[2] For example, an employee can be physically present in the country/jurisdiction for less than 60 days before the tax authorities will apply the 'economic employer' approach.

[3] Sample calculation generated by KPMG LLP, the UK member firm of KPMG International, based for the most part on Income and Corporation Taxes Act 1988; Income Tax (Earnings and Pensions) Act 2003; Income Tax (Trading and Other Income) Act 2005; Income Tax Act 2007; Taxation of Chargeable Gains Act 1992; Taxes Management Act 1970; Finance Act 2013; Her Majesty's Revenue & Customs (HMRC) booklet "Guidance Note: Statutory Residence Test (SRT), RDR3" published in December 2013. Liability to tax in the United Kingdom'; Social Security Contributions and Benefits Act 1992; Social Security (Contributions) Regulations 2001; and Inheritance Tax Act 1984 (all as amended by subsequent legislation).

03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency Rules

Are there special residency considerations for short-term assignments?

If an individual spends 183 days or more in the United Kingdom in a tax year, they will be regarded as resident in the United Kingdom for the whole of that year. The tax year runs from 6 April to the following 5 April. For determining UK residence, usually a day is counted if the individual is present at midnight.

Short-term assignees spending less than 183 days in the UK may be considered non- resident, however there could be circumstances under which a short-term assignee, who is in the UK for more than 16 days in a tax year, could be classed as UK resident for that year.

Such short-term assignees would need to consider the rules in the Statutory Residence Test. It is therefore important that each assignee takes advice on their particular circumstances. Further detail regarding the UK's Statutory Residency Test (SRT) are included in the main body of this note.

If a short-term assignee is deemed to be UK resident for a year, there may be some reliefs and exemptions available to restrict their exposure to UK tax to income attributable to UK sources/duties only. Again, due to the complex nature of the rules, the assignee will need to take specific advice regarding their circumstances.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

If a short-term assignee is in the United Kingdom working for an entity in the United Kingdom, it is likely that that entity will have a responsibility to operate Pay-As-You-Earn (PAYE).

However, if it is anticipated that the employee will be able to claim tax treaty relief and ultimately not have a UK tax liability, the UK entity might well be able to enter into arrangements with HMRC under which it does not have to operate PAYE, provided it agrees to certain undertakings. Such an agreement is called an Appendix 4 Short-Term Business Visitor (STBV) arrangement.

If it is not possible to exempt the individual's UK workdays from UK taxation under the terms of a Double Tax Treaty, the company can make an application to set up an Appendix 8 Pay As You Earn (PAYE) special arrangement for Short Term Business Visitors (STBV). This applies to business visitors who have no more than 60 UK workdays during the tax year. This allows the employee to operate one annual payroll for the applicable employees, which must be submitted to HMRC, and any tax paid by 31 May following the end of the tax year.

3.3 Taxable income

What income will be taxed during short-term assignments?

Subject to tax treaty relief, all of the income relating to UK duties will be taxable.

If the assignee is not resident in the United Kingdom, income relating to non-UK duties will not be taxable.

Position up to 5 April 2025

If the assignee is UK resident for the tax year, but is non-UK domiciled and claims the remittance basis of taxation and meets the prescribed statutory conditions are met, Overseas Workday Relief (OWR) may be claimed. The effect of OWR is that the assignee's earnings related to non-UK duties will not be taxable in the UK if not brought into (i.e., remitted to) the United Kingdom. Otherwise, income relating to non-UK duties will be taxable.

Again, the rules relating to remittance of funds to the UK are complex. It is, therefore, important that the assignee seeks advice on their particular circumstances to ensure they do not accidentally create an additional UK tax liability.

Position from 6 April 2025

The Government has announced that they propose to remove the concept of the remittance basis and replace this with a new Foreign Income and Gains regime with effect from 6 April 2025.

If the individual is UK resident for the tax year but was non-resident in the UK for the ten years prior to their arrival, they may qualify for overseas workday relief under the new rules. Under these rules, an individual is only taxable in the UK on the earnings relating to their UK duties, and this is still the case even if the income relating to their non-UK duties is brought into the UK. The requirement to be non-domiciled in the UK has also been removed.

Transitional rules will apply for individuals who arrived in the UK prior to 6 April 2025 and qualified for relief under the old rules, but not the new rules.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in the United Kingdom?

It is very likely that the tax treaty between the assignee's country/jurisdiction of residence (home jurisdiction) and the UK (host jurisdiction) will be relevant; the UK adopts the economic employer approach when interpreting the employment income article.

Detailed records should be maintained of the time which the assignee spends in the UK and of their work activities, both in the UK and elsewhere, during the assignment.

The appropriate structuring of bank accounts should be considered before the employee commences work in the UK if there is any chance that they will become resident there.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in the United Kingdom? If so, what are the rates for employers and employees?

Unless exempted by a reciprocal agreement or under the EU Social Security Protocol, or, in certain circumstances for the first 52 weeks for an assignee from a country with which the UK has no social security agreement, Class 1 National Insurance Contributions (NICs) are payable by both the employer and employee in respect of an employee working in the United Kingdom. The contributions are not deductible from compensation for income tax purposes. There is no ceiling in respect of employee or employer contributions.

The rates at which both employee and employer contributions were payable changed in the 2023/24 UK tax year, on 6 January 2024. The year is thus divided into two parts, and the applicable rates largely depend on the date on which remuneration was paid. The position is summarised in the below table:

2023/24	6 April 2023 – 5 January 2024	6 January 2024 – 5 April 2024
Class 1 Primary (Employee) NICs		
Primary threshold	£12,570	£12,570
Upper earnings limit	£50,270	£50,270
Below PT	0%	0%
Between PT and UEL	12%	10%
Above UEL	2%	2%
Class 1 Secondary (Employer) NICs		
Secondary threshold	£9,100	£9,100
Below ST	0%	0%
Above ST	13.8	13.8%

NIC for Directors are payable at slightly different rates, the position for Directors is summarised below:

2023/24	
Class 1 Primary (Employee) NICs	
Primary threshold	£12,570
Upper earnings limit	£50,270
Below PT	0%
Between PT and UEL	11.5%
Above UEL	2%
Class 1 Secondary (Employer) NICs	
Secondary threshold	£9,100
Below ST	0%
Above ST	13.8%

Class 1A NIC (at the same rate of 13.8%) is paid by the employer only on most payments/benefits in- kind, such as private medical insurance, rent, car, school fees, and so on. The benefit subject to Class 1A National Insurance is the same as computed for tax purposes.

The United Kingdom has concluded a number of social security treaties, which usually provide for limited periods of exemption from NIC (the U.S. treaty provides for a 5-year exemption period if certain conditions are met) on the basis that contributions continue to be paid in the home country/jurisdiction.

A secondee working in the United Kingdom from an EU Member State might be covered by a new Social Security Protocol between the EU and the UK which, in prescribed circumstances, will exempt them from NIC, provided contributions continue to be paid in the home country/jurisdiction.

If no treaty or EU arrangements apply, a foreign national employed by an overseas employer and sent to the United Kingdom on a secondment will usually be entitled to a 1-year exemption from NIC. The employer will also be exempt from NIC during this period. A UK national employed in the UK and assigned to work overseas will usually continue to be liable for NIC for 52 weeks after departure. The employer will have a corresponding liability.

The Brexit transition period ended on 31 December 2020. The existing European Social Security regulations will continue to apply on a grandfathered basis on anyone covered by the terms of the Withdrawal Agreement (broadly those who had exercised their right to freedom of movement prior to the end of the transition period) for so long as their situation continues without interruption.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in the United Kingdom?

There is no wealth tax in the United Kingdom.

Inheritance tax is a capital tax, charged on assets passing on death, gifts made to most trusts throughout the donor's lifetime and on gifts made to individuals within the 7 years prior to death. Transfers between husband and wife (if they are both UK domiciled) are generally not chargeable, and various other relief and exemptions are available.

For an individual who is domiciled in the United Kingdom (whether UK resident or not), worldwide assets have to be taken into account. For a non-dom individual, only UK situated assets are subject to inheritance tax. Non-doms who have been resident in the UK for 15 out of the previous 20 tax years are treated as deemed domiciled for IHT purposes and are so subject to UK IHT on worldwide assets.

Special rules have been introduced which apply to foreign non-natural persons (companies, partnerships etc.) owning UK residential property and which seek to treat them as UK assets when owned by a non-dom. This means that, for non-doms, such assets are now within the scope of UK IHT; previously they were treated as the foreign assets they are and so fell outside the scope of UK IHT.

The rules are widely drafted and can also capture loans made to such entities or to individuals who use them to acquire such entities or indeed to acquire UK residential property directly. Care is required.

Inheritance tax is payable only if the cumulative total of chargeable transfers exceeds the statutory limit for the tax year. This is currently set as GBP325,000. There is an additional nil-rate band when a residence is passed on death to a direct descendant. The current inheritance tax rate is 40 percent.

For lifetime gifts to most trusts, if the value given up is over the statutory limit, an immediate inheritance tax charge of 20 percent arises on that excess value at the time of the transfer, with up to a further 20 percent chargeable if the donor dies within 7 years.

As with other taxes, double tax relief may be available if assets are chargeable to inheritance tax in the United Kingdom and to a similar tax in another country/jurisdiction.

Changes from 6 April 2025

The Chancellor has announced the intention to move IHT to a residence-based system. The current proposed changes, which will take effect from 6 April 2025, an individual will be charged to IHT on their worldwide assets once they have been resident in the UK for 10 years. The individual will then remain within the scope of IHT for a further 10 years if they later become UK non-resident, referred to as the "10-year tail".

The proposed changes do not affect the taxation of UK situs assets, which will remain within the scope of IHT, regardless of the individual's residence status.

4.3 Real estate tax

Are there real estate taxes in the United Kingdom?

The sale or other transfer of real estate within the UK is subject to Stamp Duty Land Tax (SDLT) at rates up to 12 percent (15 percent if not held personally).

The rates and bands for residential property purchases by individuals are as follows:

Rates from 23 September 2022	
Property or lease premium or transfer value	SDLT rate
Up to GBP250,000	Zero (still needs to be reported)
The next GBP675,000 (the portion from GBP250,001 to GBP925,000)	5%
The next GBP575,000 (the portion from GBP925,001 to GBP1.5 million)	10%
The remaining amount (the portion above GBP1.5 million)	12%

From 26 November 2015, a 3 percent surcharge has applied to acquisitions of second (or third, fourth etc.) residential properties; the 3 percent is added to the normal SDLT rate.

Foreign residential property counts for the purposes of the surcharge. Relief is available if the property is to replace a main residence, but the main residence has not yet been sold.

A Non-UK resident SDLT Surcharge of 2 percent is applied on non-UK residents purchasing residential property in England and Northern Ireland.

In Scotland SDLT does not apply; instead a Land and Buildings Transaction Tax (LBTT) applies. Similarly, in Wales, a Land Transaction Tax (LTT) will replace. LTT also differs from SDLT (and LBTT) in a number of respects, including tax rates and tax bands.

This is a complex subject, and specific advice should be sought in advance about any particular transaction being considered.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in the United Kingdom?

The United Kingdom imposes value-added tax (VAT). The system is administered by HMRC. VAT is a tax on consumer expenditure. Businesses (where they are VAT registered and fully taxable) do not bear the final costs of VAT. They are able to charge VAT on the supplies that they make (output VAT) and recover VAT on purchases that they have made (input VAT).

There are currently three rates of VAT - standard rate (20 percent, which is charged on the provision of most goods and services), zero rate (0 percent, which is charged on items such as food, books and children’s clothing), and reduced rate (5 percent, which is charged on fuel amongst others).

Attributable input VAT is recoverable on these supplies by businesses.

Some goods and services may be exempt from VAT. Examples of exempt supplies include the provision of health and welfare, finance and land. No VAT is chargeable on exempt supplies. Businesses that make exempt supplies cannot reclaim input VAT.

Where a body makes both exempt and taxable supplies, it is regarded as partially exempt. There are methods that these kinds of businesses must use in order to establish the proportion of input tax incurred which they can recover.

4.5 Unemployment tax

Are there unemployment taxes in the United Kingdom?

There is no unemployment tax in the United Kingdom.

4.6 Other taxes

Are there additional taxes in the United Kingdom that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Local taxes

The only local tax for individuals is council tax and it is based on the value of an individual's home. The charge varies from district to district. The tax is paid directly to the council and is not reported on an individual's tax return. A similar tax applies to secondary residences and is paid by the tenant or the owner-occupier.

Stamp taxes

Stamp Duty Reserve Tax (SDRT) is payable when an interest/option/right in stocks and shares in UK companies or foreign companies with a UK share register are purchased in an electronic, 'paperless' transaction. This is usually collected automatically and billed to the purchaser by their brokers. If the individual does not use a broker, they must ensure that HMRC are notified of the purchase and the SDRT paid by the appropriate deadline.

SDRT is charged at 0.5 percent of the actual consideration paid for the securities, rounded to the nearest penny.

If an individual purchases the securities by paper as opposed to paperless (usually applicable for private companies), Stamp Duty is payable (not SDRT). Again, the purchaser is responsible for notifying HMRC of the transaction and paying the Stamp Duty. Where consideration has been paid, Company Secretaries are not permitted to update the company share register unless they receive a stock transfer form "stamped" by HMRC to confirm the duty has been paid.

Stamp Duty is payable by the purchaser and is chargeable at 0.5 percent of the actual consideration paid for the shares rounded down to the nearest GBP5.

Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

There is no requirement to report foreign assets (i.e., non-UK assets) to either the UK fiscal or banking authorities.

However, the UK has signed up to automatic exchange of information under the following:

- United States Foreign Account Tax Compliance Act (FATCA) -The agreement between the UK and USA requires UK financial institutions to report to HMRC on US customers that hold accounts with them.
- Crown Dependencies and Overseas Territories - The agreement between the UK and its Crown Dependencies and UK Overseas Territories to report on those who are tax residents in one territory and hold accounts in the other.
- Common Reporting Standard - The standard for all automatic exchange of financial information.

- EU Directive on Administrative Co-operation - The Directive which applies the Common Reporting Standards throughout the European Union.

As such, while there is no need to declare foreign assets to HMRC (the UK taxing authority), information will be captured by foreign tax authorities who have also signed up the above network of automatic exchange and that information will be exchanged with HMRC. The information exchanged will depend on the specifics of the relevant agreement.

05

Immigration

5 Immigration

UK immigration became a hot topic leading up to Brexit and it continues to receive a lot of attention in the press and with legislators. An individual only needs to consider UK immigration regulations if they (1) intend to physically set foot in the UK; and (2) do not hold a British or an Irish passport or UK settlement status (e.g., indefinite leave to remain).

If the person does not hold a British or an Irish passport or UK settlement status, they are most likely subject to immigration control and will need to bring themselves within one of the many immigration categories on offer. The most relevant categories for business purposes are Business Visitor and Sponsored Worker.

5.1 Business Visitors

A visitor is a person coming to the UK for a temporary purpose, for example as a tourist, to visit friends or family or to carry out approved business activities. Except for some very narrow concessions, visitors cannot work or study in the UK. Non-visa nationals currently do not need to obtain any prior permission to come to the UK. All visa nationals must obtain a visit visa before they arrive in the UK. Visa nationals for the UK are listed here:

https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-visitor-visa-national-list.

Prohibited activities under the business visitor category:

- Taking employment
- Doing work for a UK organization or business paid or unpaid
- Establishing / running a business as a self-employed person
- Doing a work placement or internship
- Direct selling to the public
- Providing goods & services

The applicant must not receive payment from a UK source for any activities undertaken in the UK, except for limited situations such as reasonable expenses for travel and subsistence.

Permitted activities should be assessed on a case-by-case basis. In general a business visitor may:

- Attend meetings, conferences, seminars, interviews
- Give a one-off or short series of talks and speeches provided these are not organized as commercial events and will not make a profit for the organizer
- Negotiate and sign deals and contracts
- Attend trade fairs - for promotional purposes only without any direct selling
- Carry out site visits and inspections
- Gather information for their employment overseas
- Be briefed on the requirements of a UK based customer, provided any work for the customer is carried out outside of the UK
- Undertake activities relating to their employment overseas remotely from within the UK, providing this is not the primary purpose of their visit

Full list of the permitted activities a visitor can undertake in the UK can be found here:

https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-visitor-permitted- activities.

An employer of a business visitor who is working in breach of the prevention of illegal working laws can be liable as follows:

- A civil penalty of up to GBP60,000 per non-compliant visitor;
- Imprisonment for up to 5 years and/or an unlimited fine if employing a visitor to work;
- Potentially detrimental consequences for the employer's UK sponsor license if they have one, or potential issues if the employer wants to apply for a sponsor license in the future;
- Severe reputational damage as the Home Office releases the names of companies found guilty of breaching the prevention of illegal working laws.
- Entry ban may be imposed on the non-compliant visitor, which may also affect their future travels outside the UK.

5.2 UK Work Visas

If someone wants to work in the UK, and they do not hold a British or an Irish passport or UK immigration status that allows them to work and reside freely in the UK (for example settlement status, a spouse visa, etc.), they will need to be sponsored for a work visa.

UK employers intending to sponsor an employee or prospective employee's visa will require a valid sponsor licence. Maintaining a UK sponsor license requires the employer to fulfil several sponsor duties including conducting right to work checks on employees.

More information is available on the GOV.UK website. Key links below:

- Sponsorship guidance for employers: https://www.gov.uk/government/collections/sponsorship-information-for-employers-and-educators
- Sponsor duties: https://www.gov.uk/uk-visa-sponsorship-employers/your-responsibilities
- Right to Work check: https://www.gov.uk/check-job-applicant-right-to-work

There are two work visa options as follows:

5.3 Skilled Worker

NOTE:

- This visa will offer the opportunity to remain in the UK indefinitely (settlement status) after 5 continuous years' presence in the UK
- The applicant must pass an English Language Test unless they have a degree taught in English or are a national of a majority English-speaking country recognised by the Home Office

Requirements:

- Applicants must hold a valid job offer from a UK employer
- The job must meet or exceed defined levels for skill(RQF3 or above), salary and English language requirement
- Additional points may be awarded based on specific criteria, such as whether the job is in a shortage occupation, or the applicant has a relevant PhD qualification

Entitlements:

- This visa grants rights to work and live in the UK for up to 5 years per application

- There is no limit to the number of renewals to this visa
- It is possible to apply for settlement after 5 continuous years under this visa
- The visa is tied to the job and employer, meaning a change in employer will require a new application. Changes to job role for the same employer may require a new application

Further information and requirements:

- https://www.gov.uk/skilled-worker-visa

5.4 Senior or Specialist Worker (formerly Intra-Company Transfer)

NOTE:

- This visa does not create a pathway to remaining in the UK indefinitely
- There is no English language requirement for this visa
-

Requirements:

- Applicants must have been employed by an overseas entity (which is connected to the UK entity on the sponsor license) for at least 12 months, unless they are high earners
- The job must meet or exceed defined levels for skill (RQF6 or above) and salary
- Additional points may be awarded based on specific criteria, such as whether the job is in a shortage occupation, or the applicant has a relevant PhD qualification

Entitlements:

- This visa grants rights to work and live in the UK for up to 5 years in any 6 year period in total (or 9 years in any 10 year period in total).i
- It is not possible to apply for settlement under this visa
- The visa is tied to the job and employer, meaning a change to either will require the visa to be updated

Further information and requirements:

https://www.gov.uk/senior-specialist-worker-visa

Back to top

Disclaimer

All information contained in this publication is summarized by KPMG LLP the United Kingdom member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee, based on the applicable provisions of the Income and Corporation Taxes Act 1988; Income Tax (Earnings and Pensions) Act 2003; Income Tax (Trading and Other Income) Act 2005; Income Tax Act 2007; Taxation of Chargeable Gains Act 1992; Taxes Management Act 1970; Finance Act 2013; His Majesty's Revenue & Customs (HMRC) booklet "Guidance Note: Statutory Residence Test (SRT), RDR3" published in December 2013; Social Security Contributions and Benefits Act 1992; Social Security (Contributions) Regulations 2001; Inheritance Tax Act 1984 (all as amended by subsequent legislation); and "Technical note: Changes to the Taxation of non-UK domiciled individuals" published in March 2024.

kpmg.com