



Please check if you need to pay the remittance basis charge

We're writing to you as you've previously told us you've been tax resident in the UK for at least 7 of the last 9 years. This means you're a long-term resident. You have also stated that you are not domiciled in the UK.

Long-term residents who claim the remittance basis must pay a remittance basis charge of £30,000. Your tax return for 2022 to 2023 didn't include it. We'd like you to check your return and correct it if you need to.

This isn't an enquiry notice. We want to help you get your tax right and avoid unnecessary contact and expense.

You may be aware of the proposed changes to the remittance basis in the 2024 budget. These changes are planned to take effect from April 2025, so will not affect your 2022 to 2023 tax returns.

What you need to do by **[60-days from date of issue]**

- 1 Please read the appendices enclosed with this letter. You can also find more help online. Go to GOV.UK, search 'RDR1' and see chapter 9, 'the remittance basis of taxation'.
- 2 Work out how long you've been tax-resident in the UK. If it's for at least 7 of the last 9 years before the tax year 2022 to 2023, you need to amend your 2022 to 2023 return. You can either:
 - pay the relevant remittance basis charge, make sure all remittances you report are complete and correct, and report your nominated income or gains
 - pay tax on the arising basis instead and declare your worldwide income and gains.
- 3 Check any unremitted foreign income and gains. If they are less than £2,000, then tick box 29 of page RR3 of SA109 Residence, Remittance basis etc (if this is the case the remittance basis charge does not apply). For more information about the difference between paying tax on the remittance basis or on the arising basis, please go to GOV.UK and search 'RDRM31030'.
- 4 If you've made mistakes in your tax returns for earlier years before 2022 to 2023, you can tell us online. Go to GOV.UK and search 'HMRC Disclosure Service'.

What happens next

If you're satisfied that you don't meet the criteria to be a long-term resident, you do not need to take any further action.

If we find your remittance basis claim is incorrect, you may have to pay additional tax and the remittance basis charge. We will charge interest on any tax that is paid late. We will also consider if we need to charge you penalties. This will be on a case-by-case basis to decide if we need to charge an inaccuracy penalty. If we do charge a penalty,

it will be considered as a prompted disclosure. For more information about inaccuracy penalties, go to GOV.UK and search 'CC/FS7a'.

If you're not sure whether you need to claim the remittance basis of taxation or amend your return to remove the claim, you can:

- get advice from an agent
- contact us using the details at the top of this letter - please note we cannot give you any specific tax advice relating to your circumstances

More information

For more information on tax residence, go to GOV.UK and search:

- 'HMRC6' for the rules up to 5 April 2013
- 'RDR3' for the rules from 6 April 2013

Extra support

If you have any health or personal circumstances that may make it difficult for you to deal with this letter, please let us know. We'll help in whatever way we can. For more information about this, go to GOV.UK and search 'get help from HMRC'.

If you have an agent, we've sent them a copy of this letter. You may want to discuss the remittance basis charge with them.

Yours sincerely

Wealthy & Mid-sized Business Compliance

To find out what service and standard of behaviour you can expect from us, go to GOV.UK and search for 'HMRC Charter'.



More information about the remittance basis

This guidance will help you understand when and how to claim the remittance basis.

What counts as a year of residence

Years of residence include any year:

- where you're tax resident under the Statutory Residence Test (after 6 April 2013) or common law principles (before 6 April 2013)
- you claim split year treatment - for more information, go to GOV.UK and search 'Split year'
- you're a dual resident, even if a Double Taxation Agreement says you're treaty resident in the other country

For example, George is a non-domiciled individual.

- he came to the UK in May 2013 - tax year 2013 to 2014
- he left to live in Spain in January 2015 - tax year 2014 to 2015
- he returned to the UK in October 2016 - tax year 2016 to 2017
- he left to work in the Republic of Ireland in December 2018 - tax year 2018 to 2019
- he then returned to the UK in May 2020 (tax year 2020 to 2021) and has been resident here since)

George is tax resident in the UK for the tax year 2022 to 2023. He has taxable overseas income of £150,000 in that year which were paid into his Spanish bank account. He didn't remit anything.

The table below shows if he was resident or non-resident in the UK for tax purposes, during the last nine years.

| Tax Year | Resident or Non-resident |
|--------------|--|
| 2013 to 2014 | Resident |
| 2014 to 2015 | Resident (the year he went to Spain) |
| 2015 to 2016 | Non-resident |
| 2016 to 2017 | Resident |
| 2017 to 2018 | Resident |
| 2018 to 2019 | Resident (the year he went to Ireland) |
| 2019 to 2020 | Non-resident |
| 2020 to 2021 | Resident |
| 2021 to 2022 | Resident |

George has been a UK tax resident for at least 7 out of the 9 tax years, so he's a long-term resident. If he claims the remittance basis in 2022 to 2023, he'll have to pay the remittance basis charge.

For more information about what counts as a year of residence, go to GOV.UK and search 'RDRM32220'.

If you spent 15 of the last 20 tax years in the UK, different rules apply. For more information about this, go to GOV.UK and search 'Deemed Domicile rules'.

If you were under 18 on 5 April 2022

You only have to pay the remittance basis charge if you're a long-term resident aged 18 or over.

When we work out your years of residence for the remittance basis charge, we count any tax years you were resident while you were under 18.

Reporting foreign income and gains on the arising basis

Using the arising basis, you pay UK tax on:

- income from the UK
- income from outside the UK
- gains from the disposal of your assets, wherever they are in the world

Examples of foreign income and gains you need to report include:

- interest from foreign savings
- dividends from foreign companies
- income from foreign pensions and property
- foreign employment and self-employment income
- capital gains from the disposal of foreign assets and property

Foreign income and gains are reportable even if it is reported and taxed in another jurisdiction.

If you've claimed the remittance basis in earlier years and brought the foreign income and gains to the UK at a later date, you have to pay UK tax at the time they're remitted. You'll have to pay tax on a remittance even if you didn't claim the remittance basis when you brought it to the UK.

If you're on the arising basis, you must declare all your foreign income and gains on your tax return, even if:

- they've already been taxed in another country
- you don't bring them to the UK

You may be able to claim a credit in the UK for tax you paid in another country. For more information about this, go to GOV.UK and search 'HS263'.

Reporting foreign income and gains on the remittance basis

If you're UK resident but non-domiciled, it may be beneficial for you to claim the remittance basis. You should get advice from a qualified tax adviser.

Some people think they've claimed the remittance basis but haven't completed the claim correctly. For example, you choose to be taxed on the remittance basis. You tick box 28 on page RR3 of SA109 Residence, Remittance basis etc of your Self Assessment tax return. However, you forget to nominate any foreign income or gains (box 34 or 35 on page RR3 of SA109 Residence, Remittance basis etc). This means your claim will not be valid. You'd pay tax on the arising basis instead.

The remittance basis charge is a tax on part of the foreign income or gains that you haven't remitted to the UK. It's paid on top of any UK tax that's due for the year, and any foreign income or gains you've remitted to the UK.

Under the remittance basis you pay tax on:

- all your UK income and gains as they arise or accrue each year
- your foreign income and gains if and when you bring (remit) them to the UK

If you claim the remittance basis and are a long-term resident in the UK, you may be liable to pay the remittance basis charge.

The remittance basis charge is an annual charge of either:

- £30,000 if you've been resident in at least 7 out of the 9 previous tax years
- £60,000 if you've been resident in at least 12 out of the 14 previous tax years

You don't have to pay the charge if you have less than £2,000 un-remitted foreign income and gains in a tax year. You must show this on your Self Assessment return by ticking box 29 on page RR3 of SA109 Residence, Remittance basis etc.

How to claim the remittance basis

Claiming the remittance basis is not automatic. You must make a claim on the 'Residence, Remittance Basis etc. supplementary pages' of your Self Assessment tax return (SA109). Make sure you tick Box 28 – if you don't, your remittance basis claim will be invalid.

If you meet any of the long-term residency rules, you must also fill in Box 31 or Box 32 and pay the relevant remittance basis charge.

When you claim the remittance basis, you must also nominate the foreign income or gains to be taxed for that tax year. If you don't, your claim won't be valid. A nomination of just £1 is enough to meet the requirement.

For more information about this, go to GOV.UK and search 'RDRM32300'.

Common errors

- Not claiming the remittance basis correctly in a Self Assessment tax return – you need to fill in the SA109 extra pages 'Residence, Remittance Basis etc'.
- Not ticking the right long-term residency box for the number of years you've been tax-resident in the UK. The relevant boxes are boxes 31 or 32 on page RR3 of SA109 Residence, Remittance basis etc. of your Self Assessment tax return.
- Incorrectly claiming the remittance basis instead of paying tax on the arising basis.

Remittances to the UK

Below are examples of remittances that are liable to tax. The list refers to foreign income, but also applies for most foreign chargeable gains. You would need to report each of these remittances on your tax return.

The list of examples is not exhaustive. There are many other ways you can make a remittance.

Money transfers to the UK

- You transfer some of your foreign income to your UK bank account.
- You withdraw some cash from the bank account that contains your foreign income while you're overseas and bring it with you when you return to the UK.
- You give some of your foreign income to your spouse or civil partner who then brings it to the UK.
- You transfer some of your foreign income to the UK account of a registered Charity.
- You rent out your holiday home abroad and the customer pays the rent directly into your UK bank account.
- You loan some of your foreign income to a company you control overseas. The company then bring the money to the UK.
- You settle some foreign income in an offshore trust. The trustees then bring the money to the UK.
- You inherited money which you deposited into a foreign interest-bearing bank account. You later transfer some of it to the UK. Although the inheritance is not taxable when remitted, the account will also contain taxable interest that will be treated as remitted before any of the non-taxable inheritance.

Assets brought to the UK

- You buy an asset abroad with your foreign income and bring it to the UK. An asset could include, artwork, jewellery, a car, luxury goods. Please note this list is not exhaustive.
- You buy a villa overseas using your foreign income, which you then sell for a profit. You then transfer the sale proceeds to the UK. This is a remittance of the foreign income used to buy the overseas property as well as the foreign chargeable gain.
- You buy a house or other asset in the UK, and use your foreign income to pay the seller's overseas account.
- You buy shares or bonds in a UK registered PLC from a foreign broker, with your foreign income

Services provided in the UK

- You transfer some of your foreign income from your overseas account to the overseas account of a trader who provided you with a service in the UK.
- You buy a return air fare from New York to London overseas, using your foreign income.
- You book a holiday with a foreign travel agent to sail from Southampton to New York, using your foreign income.
- You transfer some of your foreign income to a friend's overseas account in exchange for using their cottage in the UK for a week.

Credit cards

- Your credit card is issued by a foreign bank in the UK for day-to-day expenses and you pay the credit card bill offshore using your foreign income
- Your credit card is issued by a UK bank while on holiday abroad and you pay the credit card bill using your foreign income.

Offshore loans

- You take out a mortgage with an offshore bank to buy a house in the UK and make repayments to the bank from your foreign income.

- You take out a loan from an offshore bank secured against your foreign income held by the bank and use the money to fund your life in the UK. This is a remittance of the foreign income used as security when the loan is taken out.

Gifts

- You give some of your foreign income to someone overseas who brings it to the UK and makes it available for your use.
- You give some of your foreign income to your adult son who lives abroad. He later gives some of it to his 16-year-old child (your grandchild), who spends the money during a visit to the UK.

Others

- You've foreign income from a source that ended before 6 April 2008. Although the source of the income has been disposed of, the income from it is taxable if it's remitted to the UK on or after 6 April 2008.
- You close a foreign bank account that held funds for another account that closed prior to 6 April 2008. The account contained inheritance and interest that had accrued on it over many years. You transfer the whole fund to the UK. The amount that relates to the interest credited to all the accounts is a remittance.
- You allow a friend to stay in your overseas holiday home, that you bought with your foreign income. In exchange, the friend allows you to stay in their holiday home in the UK.
- You transfer foreign income or gains to the UK that you have nominated on your return. You use this money to pay the remittance basis charge. As the money doesn't come directly to HMRC and enters a UK bank account first, this would be classed as a further taxable remittance and should be declared on your Self Assessment tax return.
- You surrender or dispose of your rights on a life insurance, life annuity or capital redemption policy overseas, and keep the proceeds in an offshore account. Any gains on the disposal aren't taxed on the remittance basis so you should report it on your tax return even though it's not remitted to the UK.

If you have foreign income or gains that arose in 2007 to 2008 or an earlier tax year they could be affected by transitional provisions.

For more information, go to GOV.UK and search 'RDRM31420 - Remittance Basis: Introduction to the Remittance Basis: Transitional Provisions: General earnings for years prior to 6 April 2008'

If a remittance involves bringing an asset to the UK, exemptions may apply.

For more information, go to GOV.UK and search 'RDRM33050'.



Corresponding with HMRC by email

Use the following information to decide whether you want to deal with us by email. We take the security of personal information very seriously. Email is not secure, so it's very important that you understand the risks before you email us. We will not deal with you by email unless you tell us you accept the risks of doing so.

About the risks

The main risks associated with using email that concern HMRC are:

- confidentiality and privacy – there's a risk that emails sent over the internet may be intercepted
- confirming your identity – it's crucial that we only communicate with established contacts at their correct email addresses
- there's no guarantee that an email received over an insecure network, like the internet, has not been altered during transit
- attachments could contain a virus or malicious code

How we can reduce the risks

We'll desensitise information, for example by only quoting part of any unique reference numbers. We can also use encryption. We're happy to discuss how you may do the same but still give the information we need.

If you do not want to use email

You may prefer that we do not respond by email, for example because other people have access to your email account. If so, we're happy to respond by another method. We'll agree this with you either by telephone or in writing via post.

If you do want to use email

If you would like to use email as one of the ways HMRC will contact you, we'll need you to confirm in writing by post or email:

- that you understand and accept the risks of using email
- that you're content for financial information to be sent by email
- that attachments can be used

If you are the authorised agent or representative, we'll need you to confirm in writing by post or email that your client understands and accepts the risks.

Also:

- send us the names and email addresses of all people you would like us to use email with - you, your staff, your representative, your agent, for example
- confirm you have ensured that your junk mail filters are not set to reject and/or automatically delete HMRC emails

How we use your agreement

Your confirmation will be held on file and will apply to future email correspondence. We'll review the agreement at regular intervals to make sure there are no changes.

Opting out

You may opt out of using email at any time by letting us know.

More information

You can find more information on HMRC's privacy policy. Go to www.gov.uk and search 'HMRC Privacy Notice'.