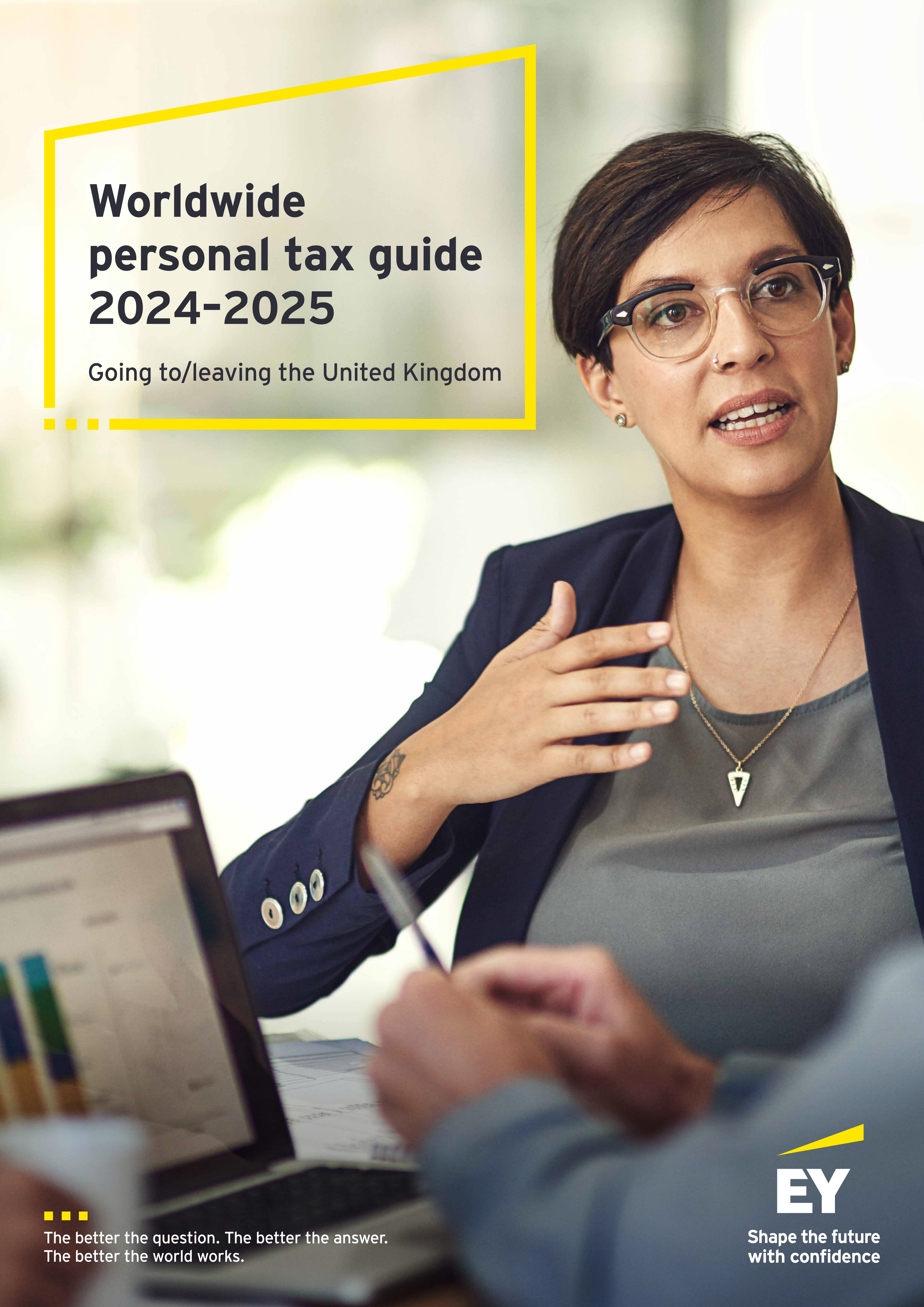
Worldwide personal tax guide 2024-2025

Going to/leaving the United Kingdom



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Local information	
Tax authority	HM Revenue and Customs (HMRC)
Website	www.gov.uk
Tax year	6 April to 5 April
Tax return due date	31 October (paper filing) 31 January (electronic filing)
Is joint filing possible	No
Are tax return extensions possible	No

2024/2025 Income Tax Rates

A tax free personal allowance of £12,570 is available to certain taxpayers. The personal allowance is reduced by £1 for every £2 of "adjusted net income" over £100,000.

Taxable income band £	National income tax rates
1-37,700	20%
37,701-125,140	40%
125,141 +	45%

Scottish taxable income band £	Scottish income tax rates
1-2,306	19%
2,307-13,991	20%
13,992-31,092	21%
31,093-62,430	42%
62,431-125,140	45%
125,141 +	48%

The Welsh Assembly can set part of the income tax rate. The current rates for Welsh taxpayers are the same as the UK excluding Scotland rates shown above.

The rates for dividends are 8.75%, 33.75% and 39.35%.

The rates for capital gains realised on disposals, other than those realised on residential property disposals and carried interest, are 10% and 20% up until 29 October 2024 and 18 % and 24% from 30 October 2024. For gains realised on disposal of residential property the rates are 18% and 24%. For gains realised on carried interest the rates are 18% and 28%. The rates apply to chargeable gains that fall within the individual's basic rate band (after taking into account income as calculated for income tax purposes) and those in excess of the basic rate band respectively.

In addition, there is a rate of 10% for capital gains that qualify for Business Asset Disposal relief.

Who is liable?

The taxation of individuals in the UK is determined by residence and domicile status.

Tax residents are liable to UK tax on their worldwide income. However, individuals who are regarded as not domiciled in the UK may elect to not be liable to UK tax on offshore income and capital gains if the funds are not remitted to the UK (this is known as the "remittance basis").

Based on announced changes to the UK tax law, remittance basis taxation for non-UK domiciled individuals was abolished from 6 April 2025 (see section 'Changes from 6 April 2025'). Non-residents are subject to tax on UK-source income, such as compensation attributable to UK workdays and certain UK-source investment income.

The content of this document was updated in April 2025. The content is next expected to be updated in April 2026.

Residence status for tax purposes

The UK applies a comprehensive statutory residence test (SRT) to determine whether an individual is resident in the UK.

The SRT has rules that determine whether someone is:

- Conclusively UK non-resident
- Conclusively UK resident
- Subject to the 'sufficient ties' test to determine their UK residence status

Under the SRT, any individual who has not been UK resident in any of the preceding three UK tax years is generally regarded as conclusively non-resident if they spend no more than 45 days in the UK in any UK tax year. Other tests may also apply under which a taxpayer is regarded as conclusively non-resident, the most common of which is the test applying to an individual who meets the conditions for full-time work abroad (FTWA) during the tax year, which is defined under the SRT.

An individual coming to the UK is likely to be regarded as conclusively UK tax resident if they do not meet any conditions to be regarded as conclusively UK non-resident and satisfies any of the following conditions:

- They work sufficient hours (at least 35 hours per week on average) in the UK, assessed over a 365 day period, with more than 75% of their workdays being UK workdays (full time working in the UK, or FTWUK).
- They have their only home or all their homes in the UK, for a period of at least 91 days, and at least 30 days of the 91 day period fall in the UK tax year concerned.
- They spend at least 183 days in the UK in the UK tax year.
- They meet the sufficient ties test.

Particular rules apply to individuals who have relevant jobs in international transport, such as air crew. These rules exclude them from the FTWA and FTWUK tests.

For an individual who is neither conclusively resident nor conclusively non-resident, a sufficient ties test applies under the SRT. The sufficient ties test looks at the number of connection factors that the individual has with the UK and the number of days spent in the UK. Five possible connection factors can apply to determine the extent of the individual's connection to the UK, and the more connection factors that an individual has, the fewer days they may spend in the UK in a tax year without becoming UK tax resident. The following are the five connection factors that an individual may have:

- They have a UK substantive employment (at least 40 UK workdays).
- They have UK accommodation.
- They have more than 90 days present in the UK in either of the preceding two UK tax years.
- They have UK-resident family (spouse, civil partner or minor children).
- They have been UK tax resident in any one or more of the three preceding UK tax years and they have spent more days in the UK than in any other country.

For example, an individual who has not been tax resident in the UK in any one of the preceding three tax years does not become a UK resident in the following circumstances:

- They spend up to 120 days in the UK and have no more than two connection factors.
- They spend up to 90 days in the UK and have no more than three connection factors.

Complex statutory definitions apply in all cases. A day is usually counted as a day of presence if the individual is in the UK at midnight but an additional rule can also apply if the individual has three UK connection factors, has been UK tax resident during any of the preceding three UK tax years and has more than 30 days in the UK when they are in the UK during the day but absent at midnight. A UK workday is defined as a day where three or more hours of work was undertaken in the UK.

In principle, residence is determined for a tax year as a whole, but under the SRT a taxpayer who is UK tax resident may be eligible for split-year treatment in certain circumstances. If the conditions are met, non-UK income and gains of the overseas part of the UK tax year concerned are generally not subject to UK tax.

Under English law, an individual's domicile is the country considered to be their permanent home, even though they may be currently resident in another country. It may be a domicile of origin, choice or dependency.

Individuals who are non-UK domiciled are deemed to have a UK domicile for income tax purposes if they have been resident in the UK for more than 15 out of the 20 tax years immediately preceding the current tax year. If an individual with a UK domicile of origin who has acquired a non-UK domicile of choice returns to the UK for a limited period, they will be deemed to be domiciled in the UK from the date on which they return.

Domicile status affects how an individual's offshore income and/or capital gains are taxed. A non-UK-domiciled individual can have their offshore income and/or offshore capital gains taxed on either the remittance basis or the arising basis. An individual who is taxable on the arising basis is subject to UK tax on their worldwide income and capital gains, regardless of where they arise.

An individual who is taxed on the remittance basis can potentially keep certain of their foreign income and gains outside the scope of UK tax by having them paid offshore and not subsequently remitting them to or enjoying them in the UK. "Remittance" is widely defined to include direct and indirect remittances, and professional advice should be taken as necessary to determine when the remittance basis may be claimed.

Based on announced changes to the UK tax law, remittance basis taxation for non-UK domiciled individuals was abolished from 6 April 2025 (see section 'Changes from 6 April 2025').

Individuals who claim the remittance basis lose the tax-free personal tax allowance for income tax and also lose the annual exemption for capital gains tax for that tax year. In addition, individuals who have been resident in at least seven of the preceding nine UK tax years must pay an additional remittance basis charge (RBC) of £30,000 for each year for which the claim to be taxed on the remittance basis is made. The charge is increased to £60,000 for individuals who have been resident in the UK in at least 12 of the preceding 14 UK tax years. Individuals' resident in the UK in at least 15 of the preceding 20 UK tax years are no longer able to access the remittance basis.

Changes from 6 April 2025

The UK government announced a major reform to the taxation of non-domiciled individuals in the budget delivered on 30 October 2024, which will take effect from 6 April 2025. It represents significant changes to the way globally mobile employees are taxed in that it abolishes the remittance basis of taxation, which was largely dependent on domicile status, and brings in a residence-based system (although income relating to pre-6 April 2025 remains subject to the remittance basis).

As a high-level overview, the following are key aspects of the new regime:

- "Qualifying new residents" (QNRs) will not pay UK tax on foreign income and gains (FIG) arising in the first four tax years after becoming UK tax resident, provided they have not been UK tax resident in any of the previous 10 consecutive tax years. They will be able to bring the FIG to the UK free from additional income and capital gains tax.
- QNRs will be taxable on worldwide income after four tax years of UK residence.
- Overseas Workday Relief (OWR) will be available for the four tax years (the year that the individual becomes resident and next three tax years). The relief will apply to employment income for non-UK workdays. The employment income will no longer have to be paid and kept overseas. The relief will be restricted to the lower of 30% of qualifying employment income and GBP300,000. Share based incentives will be included in qualifying employment income when calculating the cap.

The reliefs under the FIG regime and OWR from 2025-26 need to be specifically claimed in a self-assessment tax return.

There are also transitional provisions and reliefs available for individuals who have been taxed on the remittance basis before 6 April 2025, including the following:

- OWR will be available up to four tax years for individuals who are eligible for the FIG regime, unless they have already had OWR for three tax years (that is, individuals who became resident in 2022-23), in which case OWR will no longer be available.
- The Temporary Repatriation Facility (TRF) is expected to be available in 2025-26, 2026-27 and 2027-28 for individuals who have previously claimed the remittance basis. The proposal is that they will be able to designate unremitted FIG that arose prior to 6 April 2025 (including unremitted income that qualified for OWR) and pay a reduced rate of tax on the designated FIG. Tax is paid for the year that the designation is made, but the remittance can be in a later year. The proposed tax rate applicable on designated FIG will be 12% for 2025-26 and 2026-27, increasing to 15% for 2027-28. The Chancellor has said that some changes will be made to this proposal but the exact details have not been published.
- Current and past remittance basis users are also expected to be able to rebase foreign capital assets to their value at 5 April 2017 when they dispose of them.

As a result of the changes announced and the complexities of the rules, professional advice should be sought.

Income subject to tax

Employment income – An employee is prima facie taxed on all remuneration and benefits from employment received during a tax year ending on 5 April. An employee is taxable not only on basic salary but also on most perquisites or benefits in kind.

All salaries, fees and benefits in kind earned by directors are taxable as employment income.

Individuals who are resident are generally taxed on their worldwide employment income.

For UK tax years before 6 April 2025, overseas workday relief is potentially available. This is available for UK tax residents who are non-UK domiciled, if they have not been UK tax resident throughout the preceding three UK tax years and if the remittance basis is claimed and the remuneration related to those overseas workdays is both paid and retained offshore. Overseas workday relief is likely to apply to the UK tax year in which the individual first becomes UK tax resident and to the two subsequent UK tax years.

The rules relating to OWR, including transitional rules for individuals eligible for OWR in the 2023-24 and 2024-25 tax years are complex and have recently changed (see section 'Changes from 6 April 2025').

Tax is normally deducted from employment income at source under the Pay-As-You-Earn (PAYE) system.

Self-employment income – Self-employment income includes income from a trade, profession or vocation. Whether a person is considered to be employed or self-employed is determined by the individual's particular circumstances and as a matter of fact.

Tax is charged on the profits or gains of trades, professions and vocations carried out wholly or partly in the UK by UK residents. A business carried out wholly overseas by a UK resident individual is regarded as foreign income and, consequently, may be taxed on a remittance basis if the individual is eligible and claims the remittance basis.

A non-resident individual is charged on any business exercised within the UK, or on the part of the trade carried on in the UK if the trade is carried on partly in the UK and partly overseas.

A self-assessment system applies, and self-employed individuals are currently taxed on the business profits earned during an accounting period ending in the current tax year. From 2024–25, self-employed individuals will be taxed on the profits generated between the start (6 April) and end of the tax year (5 April).

A £1,000 trading allowance is available. If the allowance covers all the trading income before expenses, the income is not taxable and not reportable. If this is not the case, the individual has the option of deducting his or her expenses or using the allowance. The allowance cannot be claimed by partnerships.

Trading losses may be offset against a taxpayer's total taxable income in both the year the loss is incurred and in the preceding year. If the current-year loss cannot be fully offset against the current or preceding-year trading income, the balance can be used to offset capital gains for that year (after the current-year capital loss has been used). Special rules provide for the carry back of losses incurred in early trading years. In addition, a taxpayer may carry forward unused trading losses to offset future income from the same trade. Special rules apply at the cessation of an individual's trade or business.

It is proposed that, from 6 April 2026, self-employed individuals will be required to keep records of self-employment income and expenses digitally and report the details to HMRC on a quarterly basis if the income is over £50,000.

Investment income — For UK dividends, taxpayers are entitled to a dividend allowance of up to £500, so that the first £500 of dividend income received in the tax year is effectively taxed at 0%.

For dividends in excess of the allowance, the following rates apply:

- 8.75% for basic rate taxpayers
- 33.75% for higher rate taxpayers
- 39.35% for additional rate taxpayers

Although the first £500 of dividend income is tax-free, it is still taken into account in determining the taxpayer's marginal tax rate and any entitlement to the personal savings allowance as explained below.

A personal savings allowance applies for other investment income such as bank interest.

UK banks and building societies are no longer required to deduct basic rate tax at source from any interest income paid by them. The personal savings allowance is set at £1,000 for basic rate taxpayers and £500 for higher rate taxpayers. Additional rate taxpayers are not entitled to a savings allowance. It is not a deduction from taxable income, but it is effectively an amount of savings income that may be taxed at 0%.

Investment income in excess of the savings allowance is subject to income tax at the taxpayer's marginal tax rate.

Any income from UK leased property is taxed at the rates applicable to earned income. Leasing agents for non-resident landlords should withhold the basic tax rate of 20%, unless HMRC issues a direction to them authorising gross payment to the landlord. Income tax on property income is charged on the net profit from rentals after deduction of qualifying expenses, such as repairs and maintenance but not depreciation, which is not a qualifying expense for UK tax purposes. Relief for mortgage interest is limited to relief at the basic rate of tax.

The net profit is calculated in accordance with UK rules even if the rental income arises from foreign leased property and is taxed on the remittance basis. A deduction may be claimed for actual expenditure on replacement of furniture and fittings used in property income business.

It is proposed that, from 6 April 2026, records of property income and expenses will have to be kept digitally and reported quarterly if the income is over £50,000.

A £1,000 property allowance is available. If the allowance covers all the property income before expenses, the income is not taxable and not reportable. If this is not the case, the individual has the choice of deducting their expenses or the allowance.

UK-domiciled and resident individuals are usually liable to UK tax on their worldwide investment income.

For UK tax years before 6 April 2025, individuals who are not domiciled but are resident in the UK are also usually liable to UK tax on investment income from UK sources. However, they may claim to have their investment income from any non-UK source income taxed on the remittance basis.

Non-resident individuals are liable to UK tax on investment income from a UK sources only regardless of their domicile status.

Stock options and share-based incentive schemes — Detailed, complicated legislation applies to the taxation of share incentives provided to employees by their employers. The legislation applies to "securities," which includes, but is not limited to, shares in the employer company. The application depends on the specific plan rules. As a result, professional advice should be taken on the implications of this law in any particular case.

Different rules apply for approved and unapproved schemes.

Capital gains tax

An individual who is resident and domiciled in the UK is taxed on gains arising on disposals of assets located anywhere in the world. However, for UK tax years before 6 April 2025, an individual who is resident but not domiciled in the UK who elects to be taxed on the remittance basis for that year is taxed on disposals of overseas assets only if the proceeds are remitted to the UK. In this case, the gain element of the sale proceeds is regarded as being remitted ahead of the capital. All individuals who are subject to UK capital gains tax (CGT) are entitled to an annual CGT exemption, but this is lost if the remittance basis is claimed.

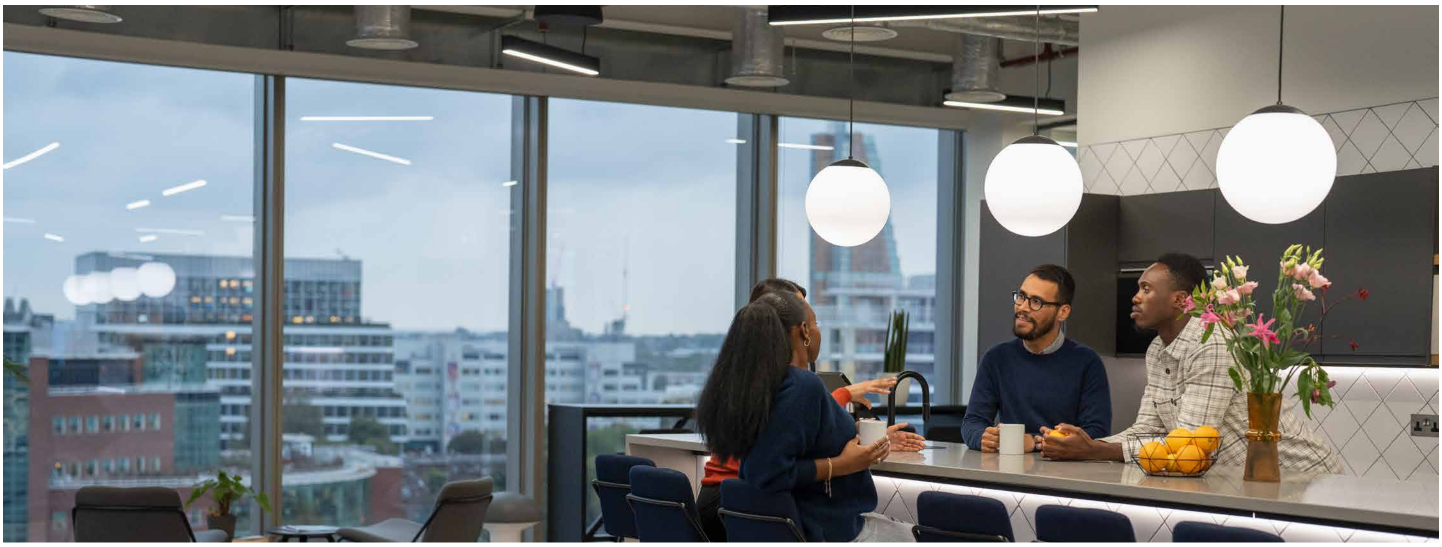
From 6 April 2025, the government abolished the previous regime applying to non-UK domiciled individuals and replaced it with a new '4-year FIG regime.' An individual can elect to be taxed under this new regime, provided they have been non-UK tax resident for a consecutive period of 10 UK tax years. Broadly, under the new regime, for the first four years of UK residence, gains arising on disposals of overseas assets are not subject to CGT in the UK, regardless of whether the proceeds are remitted to the UK or retained overseas.

When a UK resident disposes of UK land and a CGT liability arises, a return should be made and the CGT tax paid within 60 days after completion of the disposal.

Individuals who leave the UK during the year and who are considered resident before departure and who qualify for split-year treatment under the SRT are not normally chargeable to CGT on gains realised in the non-resident part of the tax year. However, individuals who, on departure, had been resident in the UK for four out of seven of the preceding UK tax years remain subject to "temporary non-residence" rules if their period of absence from the UK does not last for at least five years.

If the temporary non-residence rules apply, gains arising on the disposal of assets owned before the period of temporary non-residence that are sold during the period of temporary non-residence are subject to CGT in the UK tax year in which the taxpayer returns to the UK and resumes tax residence (year of arrival). Gains on the disposal of assets acquired in a period of non-residence and sold while the individual is still non-resident are not subject to UK CGT. Likewise, individuals who arrive in the UK during the year, who are considered resident, who are eligible for split-year treatment and who are not subject to temporary non-residence rules are normally taxed only on gains realised after the date on which they are treated as becoming UK tax resident under the split-year provisions.

Effective from April 2015, the UK government introduced non-resident Capital Gains Tax (NRCGT) to bring non-residents into the charge of CGT on gains made on the disposal of UK residential property.



From April 2019, the UK government widened the scope of NRCGT to bring non-residents into the charge of UK CGT on gains made on the direct or indirect disposal of UK immovable property. For investment property, the property is rebased to market value at 6 April 2019, meaning that only the change in value from that date onward will be subject to UK tax. Non-residents also have the option to use original cost rather than the April 2019 value if this results in a more favourable outcome. Sales of residential property do not benefit from a rebasing in April 2019; however, a further election is available to calculate the taxable gain on a proportionate basis.

Individuals will need to file an NRCGT return and settle any tax due within 60 days after the disposal. Penalties for late filing and late payment apply. Professional advice should be taken as necessary.

Various reliefs are available for CGT. The most common relief is main residence relief, which exempts all or part of a gain that arises on a property that an individual has used as their only or main home, if certain conditions are met.

Business Asset Disposal Relief is a relief available to taxpayers who sell or give away their businesses. This relief aims to reduce the rate of capital gains tax on qualifying disposals to 10%. Gains are eligible for Business Asset Disposal Relief up to a maximum lifetime limit, which is currently £1 million.

Many other reliefs are available, including rollover relief for disposals of certain business assets.

The annual exemption for the 2024-25 tax year is £3,000. This exemption is forfeited if a claim for the remittance basis is made for the tax year.

The rates for capital gains realised on disposals, other than those realised on residential property disposals and carried interest, are 10% and 20% up until 29 October 2024 and 18 % and 24% from 30 October 2024. For gains realised on disposal of residential property the rates are 18% and 24%. For gains realised on carried interest the rates are 18% and 28%. The rates apply to chargeable gains that fall within the individual's basic rate band (after taking into account income as calculated for income tax purposes) and those in excess of the basic rate band respectively.

Capital losses can be automatically deducted from capital gains in the same year. Any allowable unused capital losses may be carried forward indefinitely to relieve future gains. Losses realised by non-UK domiciled taxpayers who have claimed the remittance basis are not normally regarded as capital losses except in certain circumstances.

Taxes on property

The UK levies various real estate transfer taxes on transactions involving the acquisition of any estate, interest, right or power in or over land in the UK and certain partnerships that hold UK real estate. The real estate transfer taxes cover the following:

- Real estate situated in England and Northern Ireland is subject to stamp duty land tax (SDLT).
- Real estate situated in Scotland is subject to land and building transaction tax (LBTT).
- Real estate situated in Wales is subject to land transaction tax (LTT).

Although these taxes are similar, differences exist, most notably to the rates and bands.

In all cases, the tax rate depends on whether the property is residential (suitable for residential or in the process of being constructed or adapted for residential property) with higher rates applying to such property. The rates are up to 15% for residential property (the rate depends on where the property is situated and the profile of the buyer). An additional surcharge will apply to SDLT broadly if the purchaser already holds other property. The provisions in this respect are complicated and professional advice should be sought.

For non-residential property, the rates are up to 6% (the rate depends on where the property is situated).

The purchaser is liable to the real estate transfer taxes. Real estate transfer taxes apply at the applicable rates based on the value-added tax (VAT)-inclusive consideration given. In certain cases, the taxes are levied based on the market value of the real estate interest acquired. In the case of grant of a lease, real estate transfer taxes also apply at the applicable rates on the net present value of the rent payable under the lease.

An annual tax on enveloped dwellings (ATED) applies to non-natural persons holding UK residential property (if an individual does not own the residential property directly, but owns it, for example, through a company, this tax may apply). If this applies professional advice should be sought as the rules are complex.

There was an initial valuation date of 1 April 2012, which applied to properties valued at more than £2 million owned on or before this date. The regime was extended several times and its current form is that effective from 1 April 2016, properties valued at more than £500,000 as of 1 April 2012 (or on purchase if later) are in scope of the ATED.

There are fixed revaluation dates whereby property (including property acquired after 1 April 2012) must be revalued every five years from 1 April 2012. A subsequent revaluation occurred on 1 April 2017 and later on 1 April 2022, which is used effective from the ATED year beginning on 1 April 2023.

The following are the chargeable amounts of ATED for 1 April 2024 through 31 March 2025.

Property value	Annual charge (£)
More than £500,000 but not more than £1 million	4,400
More than £1 million but not more than £2 million	9,000
More than £2 million but not more than £5 million	30,550
More than £5 million but not more than £10 million	71,500
More than £10 million but not more than £20 million	143,550
More than £20 million	287,500

Inheritance and gift tax

Inheritance tax (IHT) may be levied on the estate of a deceased person who was domiciled in the UK or who was not domiciled in the UK, but owned assets situated there. An individual who does not have a UK domicile for IHT purposes is taxed only on UK-situated assets and from 6 April 2017, "UK residential property interests" held via certain non-UK trusts, companies and partnerships. For these purposes, a "UK residential property interest" is widely defined and includes certain loans and collateral provided with respect to UK residential property. For IHT purposes, UK domicile is extended to apply to individuals who were resident in the UK for 15 of the past 20 tax years with effect from 6 April 2017 (previously, 17 out of the last 20 years for the period up to 6 April 2017).

Other recent changes include that an individual born in the UK with a UK domicile of origin at birth, who later acquires a non-UK domicile of choice, is treated as being UK domiciled for IHT purposes when the individual resumes UK residence (if the individual has been UK resident for at least one of the two preceding tax years).

In addition, there is a "run-off period" during which deemed domicile status for UK IHT purposes endures for a non-UK resident. This applies if deemed domicile status has been acquired under the 15-out-of-20-years rule. Once deemed domiciled, the individual will need to spend at least four UK tax years outside the UK before losing his or her deemed tax domicile status for UK IHT.

From 6 April 2025, the government has reformed the inheritance tax treatment of overseas assets. Under the new regime, the inheritance tax treatment of overseas assets will be determined by the residence status of an individual rather than his or her domicile.

The inheritance tax rate is 40% for the estate on death. A nil rate band of £325,000 applies for 2024-25. Any unused allowance of a spouse or civil partner may be transferred to the second deceased's estate proportionally.

A main residence transferable nil rate band applies if a "main residence" is passed onto a direct descendant. Broadly, this means a child or grandchild and includes adopted children, foster children and stepchildren. It does not include nieces and nephews. The definition of main residence is very similar to the definition currently applicable to principal private residence relief for CGT. A property that was never a residence of the deceased such as a buy-to-lease property will not qualify. The allowance for 2024-25 remains at £175,000. A tapered withdrawal of the additional nil-rate band is provided for estates with a net value of more than £2 million. The withdrawal rate is £1 for every £2 over this threshold.

IHT is also levied on gifts made by the deceased within seven years before death and on certain other lifetime gifts. Various exemptions and reliefs are available.

To prevent double taxation, the UK has entered into IHT or estate tax treaties with ten countries.

Social security

In general, National Insurance contributions are payable on the earnings of individuals who work in the UK. Special arrangements apply to individuals working temporarily in or outside of the UK. Under certain conditions, an employee is exempt from contributions for the first 52 weeks of employment in the UK.

The contribution for an employed individual is made in two parts — a primary contribution from the employee and a secondary contribution from the employer.

For 2024-25, the main employee contribution rate is 8% on weekly earnings between £242 and £967 and 2% on any earnings more than £967 per week.

For 2024-25 an employer contributes at 13.8% on weekly earnings above the secondary threshold of £175.

With effect from 2024-25, there is no mandatory requirement to pay Class 2 contributions for the self-employed. Class 2 NI contributions are treated as paid if trading profits are £6,725 or more in the tax year. If trading profits are less than this amount, voluntarily Class 2 contributions can be made to qualify for certain benefits.

The main rate of profit-related Class 4 National Insurance contributions on business profits was reduced from 9% to 6% (with an additional 2% for profits above £50,270). Non-resident self-employed individuals are generally not subject to profit-related contributions.

Tax filing and payment procedures

Income tax and social security contributions on cash earnings are normally collected under the Pay-As-You-Earn (PAYE) system. All employers must use the PAYE system to deduct tax and social security contributions from wages or salaries.

Although expense reimbursements and many non-cash benefits are not directly subject to PAYE withholding, they must be reported to HMRC by employers after the end of the tax year and by employees on their tax returns.

The UK has a self-assessment tax system. Under the self-assessment system, individuals who receive a notice to file a tax return from HMRC must file their tax return by the due date. The taxpayer must tell HMRC by 5 October (following the end of the tax year) if they need to complete a tax return and have not sent one before.

If tax is due as calculated on the return, it must be paid by 31 January following the end of the tax year. Provisional on account payments of tax on income not subject to withholding are usually payable in two instalments, on 31 January in the tax year and on the following 31 July.

Each instalment must equal 50% of the previous year's income tax liability not withheld at source.

Interest is automatically charged on tax not paid by the due dates. Further penalties apply for late payment of tax and late submission of tax returns.

Double tax relief and tax treaties

If income is doubly taxed in two or more countries, relief for double taxation is typically available through a foreign tax credit or exemption. The relief usually takes the form of a foreign tax credit if an individual is resident in the UK for the purpose of a double tax treaty. In this case, any foreign taxes paid on doubly taxed income can be taken as credit against the UK tax liability on the same source of income. The credit that can be claimed is limited to the lesser of the foreign taxes paid or the amount of equivalent UK tax on the doubly taxed income. In the absence of a treaty with the country imposing the foreign tax, unilateral relief may be claimed under UK domestic law.

If an individual is resident in the UK and treaty-resident in a country with which the UK has entered into a double tax treaty, a claim may be made in the UK to exempt from UK tax the income that would otherwise be taxed in both countries if the treaty contains the relevant articles.

The UK has entered into double tax treaties with 133 countries covering taxes on income and capital gains.

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ED None

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