

THE CHARTERED INSTITUTE OF TAXATION

TAX KNOWLEDGE AND SKILLS

Direct Route

November 2026

Pre-seen information

Background information

Your role

You are Dorian, a tax associate in a firm of Chartered Tax Advisers.

You recently attended a meeting with the tax partner in your firm. At this meeting you met with Luke Lester and Hans Hoffman. Luke and Hans became friends while studying engineering at university in the UK. After graduation in 2002 they went their separate ways, Luke remaining in the UK and Hans returning to Germany. Each set up and successfully ran his own company in the renewable energy sector for almost 10 years. After a chance meeting at a conference early in 2012, Luke and Hans decided to combine their business interests and created the Green Energy Group.

Luke, Hans and the UK companies in the Green Energy Group have recently become clients of your firm. You have already carried out all necessary client onboarding processes in accordance with all relevant UK regulatory requirements. A first meeting has taken place with Luke and Hans and a summary of this meeting is in the client file.

Extracts from client file – meeting notes

In December 2012 a restructuring was undertaken to put in place a holding company structure. As a result, Luke and Hans each own 50% of Green Energy Holdings Ltd which is the UK holding company for the Green Energy Group.

Luke has always been UK tax resident. However, Hans was born in Germany, studied in the UK, moved back to Germany, before returning to the UK where he has been UK tax resident since 2012/13.

Luke and Hans are directors of all companies in the group. Every company in the group prepares accounts to 31 March.

A chart outlining the group structure, confirmation of the trade carried on by each company and taxable total profits information were provided at the meeting (See Exhibit 1 and Exhibit 2).

Hans also mentioned at the meeting that he would send an email attaching a letter he has received from HMRC (See Exhibit 3). Hans has always prepared his own self-assessment tax return. In recent years his taxable income has included: UK employment income which includes a number of taxable benefits received from his employer; UK interest income; German property income and Irish dividend income.

We await confirmation of some intra group transactions, Hans' income details for 2025/26, and some further detail regarding Hans' planned temporary move back to Germany.

Exhibit 1 – Green Energy group structure

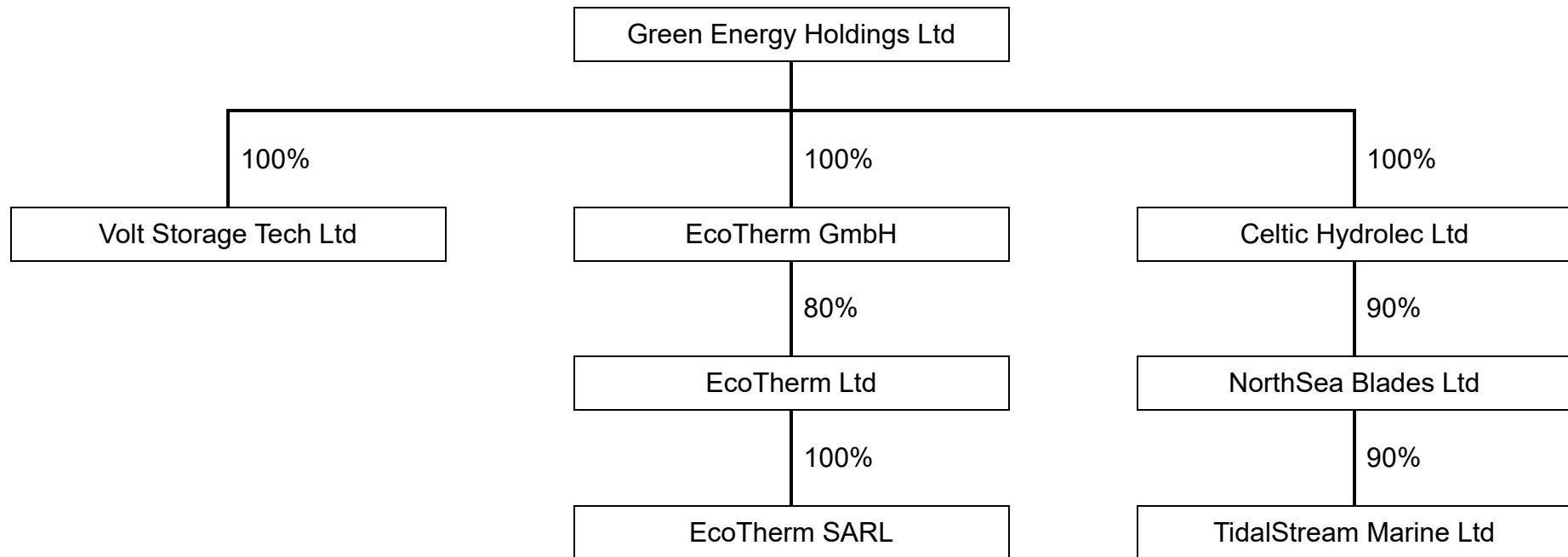


Exhibit 2 – Further details regarding Green Energy Group

Company name	Abbreviated name	Company tax residency	Company trade
Green Energy Holdings Ltd	GE Holdings Ltd	UK	Holding company
Volt Storage Tech Ltd	Volt Ltd	UK	Design and assembly of grid-scale battery energy storage systems
EcoTherm GmbH	ET GmbH	Germany	Assembly and distribution of air-source and ground-source heat pump systems in the German market
EcoTherm Ltd	ET Ltd	UK	Assembly and distribution of air-source and ground-source heat pump systems in the UK
EcoTherm SARL	ET SARL	France	Assembly and distribution of air-source and ground-source heat pump systems in the French market
Celtic Hydrolec Ltd	Hydrolec Ltd	Irish	Manufacture of hydrogen electrolyzers
NorthSea Blades Ltd	Blades Ltd	UK	Manufacture of offshore wind turbine blades
TidalStream Marine Ltd	Marine Ltd	UK	Servicing of tidal turbine housings and subsea support frames

Taxable total profits of UK-resident companies:

	Year Ended 31 March 2024	Year Ended 31 March 2025	Year Ended 31 March 2026
	£	£	£
GE Holdings Ltd	58,708	59,560	52,450
Volt Ltd	132,450	180,789	193,128
ET Ltd	84,000	92,860	93,500
Blades Ltd	145,007	120,450	130,665
Marine Ltd	64,780	65,000	72,050

No company received any non-group dividends.

Exhibit 3 – Email with attachment from Hans

From: Hans <hans@greenenergygroup.co.uk>
Sent: 1 September 2026
To: Dorian@taxadvice.co.uk
Subject: Letter from HMRC – foreign tax credit

Dorian

I've attached a letter I received from HMRC on 1 August 2026. Until now, I've completed my own self-assessment return as it's relatively simple. I will gather together my 2025/26 tax-return information and send it on to you very soon, so you can start preparing the return.

Regards

Hans

Attachment



Date 1 August 2026
UTR 1234567890
Case Ref CompC1FTCR -012345

Dear Hans

Please check if you're entitled to Foreign Tax Credit Relief

Your tax return for the year ended 5 April 2025 included a claim for Foreign Tax Credit Relief (FTCR). This is a relief for foreign tax you paid on non-employment income such as pensions, royalties, dividends, rental profits or interest.

We're writing to ask you to check if you qualify for FTCR before finalising your Self Assessment return for the year ended 5 April 2026.

This isn't a compliance check. We want to help you get this right and give you the opportunity to correct any mistakes.

What we'd like you to do

If you're making a claim for FTCR on your tax return for the year ended 5 April 2026, or any future returns, please make sure you meet the criteria. These are that:

- you must be a UK resident
- you must have paid tax on your foreign income under that country's law

- the amount of FTCD you claim must not be more than the UK tax you would have paid on the same income.

You should also check the terms of the double taxation agreement (DTA) between the UK and the country where the foreign tax was paid. FTCD is often restricted or disallowed for income where it's been received by a UK resident. For example:

- relief for foreign interest is generally disallowed
- relief on dividend income is generally restricted to a specific rate, as set out in the relevant Article of the DTA.

If you've made an error on your tax return for the year ended 5 April 2025

It may be that you need to amend your return for the year ended 5 April 2025 as well if you didn't meet the criteria above. If you do, please amend it online. For help with this, go to GOV.UK and search "Self Assessment tax returns". Then choose "if you need to change your return".

If we later find errors in your tax return, we'll treat any disclosure you make as prompted. This may affect any penalties you have to pay. For more information, go to GOV.UK and search:

- "Make a voluntary disclosure to HMRC" for more information about disclosures.
- "CC/FS7a" and "CC/FS17" for more information about penalties.

If you're satisfied your tax return is correct, you don't need to do anything.

Extra support

If you have any health or personal circumstances that may make it difficult for you to deal with us, please tell us. We'll help you in whatever way we can.

For more information about this, go to GOV.UK and search "Get help from HMRC if you need extra support".

Contacting us

If you have any queries about this letter, you can call, email, or write to us.

If you call us, please be aware the phone line will close on 31 January 2026.

If you email us, please first read the enclosed factsheet "Corresponding with HMRC by email" and confirm you accept the risks.

Please note that:

- we can't correct your tax return over the phone.
- if you reply to this letter in writing, you may receive a delayed response.

If you contact us, please quote our reference number at the top of this letter and give us your daytime phone number. This will help us deal with your query more quickly.

More information

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

- "Self Assessment: Foreign (SA106)" and choose the link with this name – then choose "Foreign notes (2025)" – for help completing the Foreign pages of your tax return.

- “Tax treaties”, to get a country-by-country list of the UK’s tax treaties.

You can also watch the following videos on our YouTube channel “HMRCgovuk”.
Search for:

- “Do I need to declare foreign income to HMRC?”
- “Double Taxation Relief and foreign income”.
- “The Common Reporting Standard and what it means for your foreign income”.

If you have an agent, you may want to speak with them if you have any questions about FTCD.

Yours sincerely

Wealthy and Mid-Sized Business Compliance