Claiming Foreign Tax Credit Relief

Your tax return for the year ended 5 April 2020 included a claim for tax relief. This was for foreign tax paid on your employment income (shown on your UK Self Assessment tax return as Foreign Tax Credit Relief).

To make a similar claim on your tax return for the year ended 5 April 2021, please note that:

- you must be a UK resident
- your foreign income must have been taxed under that country's law (for earnings relating to the days you worked in that overseas country)
- the amount of credit claimed must not be more than you would have paid in the UK on the same item of income
- if there is a Double Taxation Agreement (DTA) between the UK and the other country, you need to check how its terms (specifically those about employment income) apply to you
- if an 'Employment Income' article of a DTA does not give the other country the right to tax the employment income, you cannot claim credit for the foreign tax paid on that income and you must claim relief in the other country
- all references to 'employer' in a DTA relate to the 'economic employer' (the company that paid for and took the risks relating to the activities of your employment) rather than the formal legal employer (the company that you signed a contract of employment with)
- if you are claiming relief for taxes paid in the US, the UK/US DTA only applies to US Federal tax and does not apply to US State taxes – you will therefore be entitled to claim 'unilateral relief' for any US State taxes correctly paid on your employment income in that US State

After considering the above points, you may decide it is not appropriate to claim tax relief on your tax return for the year ended 5 April 2021 for the foreign tax paid against your employment income.

If you need more help

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 www.gov.uk and search for 'get help from HMRC if you need extra support'.