

New Format

1. Samantha was born in Ruritania and is domiciled in Ruritania. She moved to the UK on 1 May 2002 for a three year assignment. She accepted a permanent job in the UK on 1 January 2006. Her UK tax returns from arrival to 2009/10 were prepared on the basis that she was UK tax resident but not domiciled with a claim for the remittance basis.

Samantha has not been regarded as resident in Ruritania since she left on 1 May 2002.

From 2010/11 until 2015/16, Samantha's foreign income and gains were less than £2,000 and the remittance basis applied automatically.

Samantha's father died during 2016/17 and Samantha inherited death benefits of £100,000 from his pension in this year and a property in Ruritania (which she wishes to keep). This property was used by the family as a holiday home until 5 April 2017, at which point it was let out.

The death benefits would have been liable to Income Tax in 2016/17 when received and Samantha claimed the remittance basis for this year.

Samantha now wants to bring funds of £500,000 to the UK as soon as possible in order to buy a property. She has given you the following details:

- 1) Savings Account A was set up in 1998 in Ruritania and has a current balance of £118,525 made up of:
  - (a) Ruritanian rental profit of £25,000 from 2017/18 and £35,000 from 2018/19 (rental income and expense are received and paid from this account).
  - (b) Salary of £30,000 from her Ruritanian employment earned prior to May 2002.
  - (c) Bank interest of:  
£22,000 earned between May 2002 and 5 April 2017  
£3,075 earned in 2017/18  
£3,450 earned in 2018/19
- 2) Savings Account B is also a Ruritanian account and holds £250,000 which is the proceeds from the sale of her Ruritanian house in March 2010. The chargeable gain on this property (after principal private residence relief but before deducting the annual exemption) was £10,390. No Ruritanian tax was due on the sale. This account is non-interest bearing.
- 3) Samantha cleansed a Jersey bank account in December 2017 by making a nomination under Part 4 of s.13 of Finance Bill (no. 2) 2017. This is now held as three separate Jersey accounts as follows:
  - (a) A current account holding clean capital of £75,000.
  - (b) A savings account holding employment income earned prior to May 2002 of £110,000.
  - (c) A savings account which receives any interest earned on the other two accounts.

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*Continuation*

- 4) Samantha also holds the following stocks and shares:
- (a) 100 shares in Ruritania Banking plc purchased in April 1998 for £50,000 using Ruritania employment income only. These were worth £100,000 in April 2017 and are currently worth £110,000.
  - (b) 70 shares in Ruritania Trucking Company that cost £55,000 in October 2016 and were purchased using some of the death benefits that she inherited. The shares were worth £45,000 in April 2017 and have a current value of £65,000.
  - (c) 50 shares in a UK company acquired in May 2001 for £35,000 using UK employment income. The principal register for these shares is located in the UK. The shares are now worth £100,000. The market value of these shares on 5 April 2017 was £87,500.
- 5) She has two bank accounts that were used as her nominated bank accounts in 2009/10 and 2016/17 each of which contain £100.

Samantha is an additional rate taxpayer. She does not currently require advice relating to foreign loss elections.

**Requirement:**

**Explain how Samantha can remit funds to the UK tax efficiently in 2019/20. You are NOT required to comment on how she has been taxed in previous years. (20)**