

Institution **CIOT - CTA**  
Course **APS Taxation of Individuals**

Event **NA**

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Exam ID

Count (s)	Word (s)	Char (s)	Char (s) (WS)
Section 1	<b>4579</b>	<b>19976</b>	<b>24381</b>
Total	<b>4579</b>	<b>19976</b>	<b>24381</b>



Answer-to-Question- \_1\_

To : Alison Rolle

From : Sara Gleeson

Date : 8 May 2025

Subject : Alison Rolle - UK tax implications on Remuneration Package and sale of UK properties

This report has been prepared for Alison Rolle based on your email dated 25 April 2025.

This report will go through your UK tax implications of the proposed move to the UK such as the contract implications and the implications of selling your properties from a Capital Gains Tax perspective.

This report has been prepared in line with the most recent tax legislation and is accurate at the time of writing. We do not accept any liability and responsibility for use of this report to third parties.

Executive Summary

You will be a UK tax resident under the Statutory Residence Test, first automatic UK test. This means you will be liable to UK tax on your worldwide income and gains.

As you are non-UK Domiciled, you may be able to claim the remittance basis which means you are only taxed on your UK sourced income and amounts you remit into the UK.



If your unremitted income and gains are less than £2,000, you are entitled to a full personal allowance. For the 25/26 tax year, you will be entitled to a tapered personal allowance. If your unremitted income and gains are greater than £2,000, it is more beneficial to be taxed under the arising basis as you do not have any overseas income and gains that we are aware of.

You are able to claim overseas workday relief, however, as you have no overseas duties, this is not required.

You are able to split your UK tax year under Case 5. This means you are deemed a Non-UK resident from 6 April 2025 to 10 August 2025 and a UK resident from 11 August 2025 to 5 April 2025.

Taking the UK contract means you are required to pay £5,100 more in UK tax and you are required to pay UK NIC of £3,674 leading to a total tax amount under the UK contract of £8,774.

Moving to the UK under secondment means you will save £5,100 in tax in comparison to moving to the UK under the UK contract and you are exempt from paying UK NIC for the first 52 weeks that you are in the UK. It is therefore recommended you do not move to a UK contract.

Whichever Bristol property sold should be done prior to becoming UK resident, i.e 11 August 2024, as you have much less taxable income and can utilise the basic rate band of 18% instead of being taxed at 24%.

You should re-occupy the Bristol flat as this was your main residence at point and you are entitled to any period of deemed occupation for overseas employment purposes. As a



result, on the sale of the Bristol flat, all of this would be exempt under PRR if you re-elect this to be your main residence.

You elected the cornwall property to be your main residence. This is eligible for PRR for 23/24 and 24/25 as a non-resident as you spent at least 90 days in the property.

### UK Residency

Prior to your move to the UK, you are a non-UK tax resident which means you are only taxed on your UK sourced income. As you are already aware, this would be your UK rental properties, for which you have paid UK taxes on.

You are due to move to the UK at the end of July and commence your assignment to the UK on Monday 11 August 2025. Based on this, you are due to move to the UK in the 25/26 UK tax year. Determining your residency position is extremely important as this will determine your liability to UK tax. Residency is determined under the Statutory Residency Test (SRT).

Simply put, there a series of tests to determine the residency position. Should you be deemed UK tax resident, you are liable to UK tax on your worldwide income and gains as they arise.

To determine your UK tax residency, we must first go through the automatic overseas UK test.

Automatic overseas test 1 - You will not meet this test as you will spend more than 16 days in the UK tax year.



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Automatic overseas test 2 - You will not meet this test as you will spend more than 46 days in the UK tax year and you have not been a UK tax resident in any of the previous three tax years.

Automatic overseas test 3 - You will not meet this test as you will spend more than 91 days in the UK and more than 31 days working in the UK.

Now that we have determined you will not be automatically non-UK resident, we then look at the tests to determine if you are a UK tax resident.

The first test is that you will spend at least 183 days in the UK during the tax year. You will meet this test as you will be in the UK from the end of July which means at least 9 months in the UK or 270 days.

Now that we have determined that you will be a UK tax resident for the 25/26, you are likely to be taxed on your worldwide income and gains.

### Split Year

As you are moving to the UK during the UK tax year which runs from 6 April 2025 to 5 April 2026, you are able to split your UK tax year if you meet the conditions laid out in the split year cases. Essentially, splitting your UK tax year will allow you to split your UK tax year between a period of residency and a period of non-residency. As established before, this means a portion of the 25/26 tax year will be deemed non-resident and you will only be taxable on your UK sourced income and not your worldwide income and gains as they arise.

As you are coming to the UK, we must look at Cases 4-8 to determine when the split year



starts. If there are multiple split year cases which you meet, the case which gives you the shortest period of non-UK residency will take place.

Case 4 is starting to have a home in the UK only. You will not meet this condition as you have multiple homes in the UK and also a home overseas.

Case 5 is starting full time work in the UK. You have confirmed that you will start work on Monday 11 August 2025. You will meet this condition as you were not resident in the UK for the previous UK tax year, there is at least one period of 365 days in which the day falls in the 2025/26 UK tax year and that you will do at least 1 day of work in the UK. A working day occurs when you do at least 3 hours. There will also be no significant breaks from UK work as you will be in the UK for at least 4 years. You also will do at least 75% of your work in the UK as your UK project will be wholly based in the UK.

As such, your split year date will be 11 August 2025.

Going through the other cases, you will not meet split year case 6 of ceasing to work overseas as you must be UK tax resident in at least 1 out of the previous 4 UK tax years, which you do not meet.

Case 7 will also not apply of being the partner of someone ceasing to work overseas as Eric also does not meet the condition of being a UK tax resident in at least 1 out of the previous 4 years.

Finally, you will not meet Case 8 as you will not start to have a home in the UK as you have you had multiple homes and have elected the Cornwall house to be your main residence prior to the 25/26 UK tax year.



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Therefore, your UK tax year will be split between a period of UK residency from 11 August 2025 to 5 April 2026 and a period of non-UK residency from the start of the tax year at 6 April 2025 to 10 August 2025.

### Remittance Basis

As mentioned earlier, as you will become a UK tax resident, you will be taxed on your worldwide income and gains as they arise from 11 August 2025 onwards. It's important to outline that as you are non-UK domiciled, you can elect to claim the remittance basis. This is essentially a claim that you are taxed on your UK sourced income as they arise and only taxed on your foreign income and gains when you 'remit' them into the UK. A remittance means bringing the income or gains into the UK. As such, this is quite beneficial if you have a lot of foreign income and gains as these will not be taxable in the UK.

The remittance basis is automatically applied if your unremitted foreign income and gains are less than £2,000. This means you are only taxed on the remittance basis and you keep entitlement to your personal allowance which is £12,570 if your income is less than £100,000. Claiming the remittance basis when it is not automatic means you lose your personal allowance, however, this may be beneficial for you if your UK income exceeds £125,140 as you lose your personal allowance past this point anyways. As your expected UK income is £130,000, an analysis will need to be done to determine whether it is beneficial to claim this.

As a remittance basis user, you have also not been a UK resident for the 3 consecutive UK tax years which means you are eligible to claim overseas workday relief. This essentially apportions your total taxable income in the UK between the number of UK workdays and overseas workdays. As your duties are expected to be wholly in the UK, it



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may not be beneficial to claim overseas workday relief. A remittance basis charge of £30,000 applies if you are a UK tax resident for 7 out of the previous 9 tax years. As you plan on moving back to the Bahamas after the end of your secondment, this will not apply to you.

#### UK contract vs Secondment - UK tax

One of your queries relates to whether you should take the UK contract or continue on your current contract and move as a secondment.

Taking your UK contract means you will receive a salary of £130,000 and a cash payment of £30,000 to help with Eric's loss of earnings. As you will move to the UK in August, you will receive a pro-rated salary of £86,667. This with the cash payment means your total income will be £116,667. This means you exceed the personal allowance threshold of £100,000 and this will be tapered for by £1 for every £2 you go over the threshold. As such, should you be taxed on the arising basis, you will have a personal allowance of £4,237. In total you will pay £37,432 in tax for the 25/26 UK tax year as outlined in Appendix 1.

In contrast, if you were to stay on the Bahamaian contract and move, by way of the secondment, you will be entitled to Bahot LLC's international relocation policy. This amount totals £30,000 which is equivalent to the UK contract, however, £10,000 consists of your relocation allowance. A relocation allowance for a genuine move to the UK to relocate is tax free up to £8,500 which means you will only be taxed on £1,500 of this amount. This reduces your total income for the 25/26 year at £108,167 and means you are entitled to a higher personal allowance of £8,487. Therefore, taking the secondment contract means you will pay £32,332, as outlined in Appendix 2, a saving of £5,100 of tax.



## UK contract vs Secondment - National Insurance Contributions

Another aspect that we need to look at is the liability to pay UK NIC. Should you move to the UK, on a UK contract, you will be liable to NIC on your earnings above £12,570 up to £50,270 at a percentage of 8%. Any earnings above this amount is taxed at 2%, which is applicable to you.

As such, you will be liable to pay £3,674 in UK National insurance as outlined in Appendix 3.

Should you take the secondment, you will be eligible for a 52 week exemption from UK NIC.

This is because you are not ordinarily resident in the UK, you are in the UK for a time (HMRC generally accept this to be under 5 years) and you work for an overseas employer, carrying out UK duties for this overseas employer.

Essentially you are not liable to UK NIC from the day you come to the UK, up to 52 weeks. This means you will save £3,674 in UK National Insurance contributions.

## Recommendations

Based on the above, you will be a UK tax resident under the First automatic UK test as you will exceed the 183 days required to spend in the UK. You will also be able to split your UK tax year between a period of UK residency and non-UK residency.

As you are UK tax resident and non-UK domiciled, you will be able to claim the



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remittance basis and overseas workday relief for any of your overseas earnings. The remittance basis means you will only be taxed on your UK sourced earnings and the foreign income and gains that you remit to the UK. Claiming this means you will lose your personal allowance if it is not an automatic claim. As your income pro-rated exceeds £100,000 but does not exceed £125,140, you are still entitled to some of the personal allowance. As it appears that you do not have any unremitted foreign income and gains, you may be taxed under the remittance basis and retain the tapered personal allowance. Please do let us know if our understanding is correct as should your unremitted income and gains exceed £2,000, it will be more beneficial for you to claim the arising basis to retain some personal allowance.

With regards to which contract you should take, for the year of your move which is 2025/26, it is better to remain on your current contract instead of moving to the UK contract. This is because you receive a cash lump sum of £30,000 on the UK contract, whereas for the current contract, you receive a total amount of £30,000 but only £21,500 is taxed as you are entitled to a relocation allowance of £8,500, tax free. Therefore, you receive more personal allowance and in total, save £5,100 in tax payable to HMRC. This means you will retain more income and can use this for your household income and savings.

Additionally, moving to a UK contract will mean you are liable to UK NIC when you come to the UK on your earnings. This is of course apportioned but the total amount to pay is £3,674, whereas, should you remain on the Bahamian contract, you will be exempt from UK NIC for the first 52 weeks of being in the UK. This is because you meet the conditions for the exemption as you are on a secondment to the UK, not ordinarily resident etc.

Therefore, taking the UK contract means you will be liable to £8,774 more in UK tax and



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NIC. This saving can therefore be very useful for flights back to the Bahamas as well as to fund the cars which you and Eric require.

## Bristol Properties

To determine what to do with your Bristol properties, we must first outline the UK tax implications of selling a UK property.

As a UK tax resident, when disposing of a UK property, there is a capital gain on the sale. The capital gain is charged to UK tax at either 18% or 24% for the sale of residential properties. As you will be a UK tax resident from 11 August 2025, you will be liable to Capital Gains tax which is the proceeds less the cost of purchasing the property.

Appendix 4 outlines the amount you would pay should you sell your Bristol house now that you have the offer, once you become a UK tax resident. As you inherited this property from your aunt on 6 September 2022, we take the probate value as the cost of the property. You have also confirmed that you have never lived in the house. This is important to note as residents in a UK home are able to claim Private Residence Relief (PRR) which essentially exempts them from capital gains tax should they live / occupy a property for the whole time they own it.

There are certain conditions which class as deemed occupation. This essentially means that even if you did not live in the property, an element can be classed as occupation and increases the amount of relief you receive. This includes any period up to 4 years, any period when you were employed abroad and up to 3 years for when you worked elsewhere in the UK.

## Sale of Bristol properties as a UK Resident



For the Bristol house, you only recently inherited this and you have never lived in the property. Therefore, no PRR applies on the sale of this property. The Capital gains is £80,000 and you would be required to pay this at 24% on the eventual sale, after deducting the annual exempt amount which is £3,000. Therefore, the sale of the property as a UK tax resident means you are liable to pay £18,480 in tax, as outlined in Appendix 4.

For the Bristol Flat, as you have lived in this property at some point and occupied this, you would be entitled to PRR if this was elected to be your main residence. The gain would be £276,000 at a rate of 24% if no PRR applied. This means you would pay £65,520 in Capital Gains tax. If you were to move in the Bristol house and sell this as a UK tax resident, you would be eligible for relief of 3 years and 9 months of the total 20 years and 4 months. Therefore, your gain chargeable to UK tax would be £222,098 at a rate of 24% which means you would instead pay £53,304 a saving of £12,216 in tax paid, as outlined in Appendix 5.

Years occupied - 3 Years - 36 Months

Years absent - 17 years - 204 Months

Deemed occupation - 9 Months

Sale - August 2025 - 244 Months

Eligible for PRR - 45 Months out of 244

As mentioned earlier, the Bristol flat was a main residence at one point. One thing to note



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is that you could be eligible for deemed occupation due to employment abroad. This is provided that you re-occupy the property at some point when you come back to the UK. This period can be up to any amount which means that upon the purchase of the property, up until you leave, you will have spent 3 years. Whilst you vacated the property for 17 years, if you relocated the property once you come back to the UK, this whole period will be classed as deemed occupation and you will be eligible for PRR.

As a result, the £276,000 chargeable gain would be fully exempt and you would not be required to pay any Capital gains tax. This leads to a saving of £53,304, in contrast to if you occupied the Bristol house once you become UK tax resident and did not exempt this portion for the Bristol Flat. The important thing to note is that this must be re-elected as your main residence to benefit from the relief.

April 2005 to April 2008 - Occupation 3 years

April 2008 to August 2025 - Absence 17 years 4 months

Deemed occupation - 17 Years 4 months

Deemed occupation - 9 Months - As this was your main residence you are automatically entitled to 9 months relief

Sale of UK Properties prior to becoming UK Tax Resident

Another alternative is if you sell the properties whilst you were non-UK resident, i.e prior to 11 August 2025. Non-UK residents are not liable to UK CGT, unless it is the sale of a UK residential property or certain other UK assets. The advantage to selling a property whilst being a non-UK resident is that properties are rebased to their 6 April 2025 value.



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This essentially means that the original cost is ignored under the default method and the 6 April 2025 value is instead deducted from the Proceeds amount.

If you were to sell the Bristol house now, prior to becoming a UK resident, you would be liable to an £80,000 gain. This is the same as if you were a UK resident as you inherited the property after the 6 April 2025 rebasing date. There is no real difference in the gain, however, you will save capital gains tax on the amount you pay because, prior to becoming a UK tax resident, you only receive property income. Consequently, you would still benefit from the basic rate band which means you are taxed at 18% for the first £25,270 of the gain, with the remainder taxed at 24%. This means the total amount you are liable to pay should you sell the property now is £16,964, in comparison to £18,480, leading to a saving of £1,516. This is showcased in Appendix 6.

For the Bristol flat, if you were to dispose of this property prior to becoming a UK resident, you would be able to take the rebased value of £330,000 as the base cost. This would lead to a gain of £67,000 after the annual exempt amount has been deducted. You would also be entitled to PRR on the sale of the property as you occupied the property as your main residence at some point. This would mean 9 months of deemed occupation to reduce the gain. The chargeable gain is therefore £61,793 and you would pay £13,315, outlined in Appendix 7. This is much lower than if you were to sell the property whilst you became a UK tax resident. The other methods of calculating the disposal, such as the straight line method and retrospective should not be elected as they give rise to a higher gain.

## Recommendation

As we have established the scenario of selling the properties whilst non-uk resident and also whilst UK resident, the best and most tax efficient method would be to sell the



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Bristol House whilst you are non-Uk resident, i.e prior to 11 August 2025. Whilst you inherited the property after the rebasing value, you are liable to less UK tax prior to earning in the UK. This means that you save £1,516 in tax payable to HMRC on the sale of the property. Whilst you prefer to stay in the Bristol house, it is recommended that you re-occupy the Bristol Flat.

The Bristol Flat was at one point your main residence which means you are eligible for PRR for the three years that you occupied the flat. Should you re-occupy the flat and elect this to be your main residence, you can exempt all of the gain under PRR as you will be classed as deemed occupied for the whole of the period abroad due to your Bahamian employment. You will therefore be entitled to the full £400,000 proceeds which may even be slightly more once you sell the property in a few years time instead of now.

Ultimately, you will be entitled to the full £400,000 proceeds for the sale of the Bristol flat under PRR and the Bristol house, sold prior to becoming a UK tax resident means you would receive a net proceed of £583,036. The net proceeds for the two properties would therefore be £983,036. This will therefore be more than enough to cover your children's further education costs in the US of £800,000.

Should you re-occupy the Bristol house, you will not be able to receive the full PRR on the Bristol flat. The total amount you would be required to pay for the Bristol flat, using the rebased value and selling as a non-UK resident would be £13,315 required to pay in UK tax and a total of £18,480 if you were to sell the Bristol house as a UK tax resident. Your net proceeds from the sale of the two properties would therefore be £386,685 plus £581,520 which leads to a total of £968,205

As you prefer the Bristol house, occupying this and then selling the Bristol flat, prior to you becoming a UK tax resident does lead to a healthy margin to fund your children's



education. You prefer living in the house and it is larger so this may be the preferred option from a personal perspective as you would still have more than enough to fund the education.

However, from a purely tax perspective, to save the maximum amount of tax and to fund your children's education in the US, the best option is to re-occupy the Bristol flat, elect the flat to be your main residence and sell it within a few years time. Prior to becoming a UK tax resident, you should sell the Bristol house as this option leads to a saving of £14,831.

## Appendix 1

### UK Contract - Tax Payable

Salary	£130,000	x 8/12		£86,667
Cash Lump Sum				£30,000
Total				£116,667
Personal Allowance	£116,667 - £100,000	Tapered to		£4,237
£4,237		x 0%		£0
£37,770		x 20%		£7,540
£74,330		x 40%		£29,892
Total				£37,432

## Appendix 2

### Current contract - Tax Payable



Salary	£130,000	x 8/12		£86,667
Housing				£20,000
Relo Allowance				£10,000
Less :				
£8,500 relocation allowance exemption				(£8,500)
Total				£108,167
Personal Allowance	£108,167 - £100,000	Tapered to		£8,487
£8,487		x 0%		£0
£37,770		x 20%		£7,540
£61,890		x 40%		£24,792
Total				£32,332

### Appendix 3

#### NIC Contributions - UK Contract

Upper Earnings Limit -  $£50,270 \times 8/12 = £33,513$

Primary Threshold -  $£12,570 \times 8/12 = £8,380$

$£33,513 - £8,380 \times 8\% = £25,133 \times 8\% = £2,011$

$£116,667 - £33,513 \times 2\% = £83,154 \times 2\% = £1,663$

Total = £3,674

### Appendix 4

#### Sale of Bristol Property - UK Resident

Proceeds			£600,000
Cost	Take probate value		(£520,000)
Gain			£80,000
Less : Annual exempt amount			(£3,000)
Chargeable gain			£77,000



£77,000	Taxed at Higher Rate	24%	£18,480

## Appendix 5

### Sale of Bristol Flat - UK Resident

Proceeds			£400,000
Less : Cost			£123,000
Less : Acquisition			£1,000
Total Cost			(£124,000)
Gain			£276,000
Less : PRR	45 / 244		(£50,902)
Gain			£225,098
Less : AEA			(£3,000)
Chargeable Gain			£222,098
		24%	
			£53,304

## Appendix 6

### Sale of Bristol House - Non-UK Resident

Proceeds			£600,000
Cost	Take Probate Value		(£520,000)
Gain			£80,000
Less Annual Exempt Amount			(£3,000)
Chargeable Gain			£77,000
£25,270		x 18%	£4,549
£51,730		x 24%	£12,415
Total			£16,964

### Basic Rate Band

Earnings £25,000  
 Less Personal Allowance £12,570



Amount £12,430

Basic Rate Band - £37,700

Less Amount £12,430

Amount taxed at Basic Rate - £25,270

## Appendix 7

### Sale of Bristol Flat - Non-UK Resident

Proceeds			£400,000
Less : Rebased cost			(£330,000)
Gain			£70,000
Less : PRR	9 / 121		(£5,207)
			£64,793
Less : AEA			(£3,000)
Total			£61,793
£25,270		x18%	£4,549
£36,523		x24%	£8,766
Total			£13,315

### Basic Rate Band

Earnings £25,000

Less Personal Allowance £12,570

Amount £12,430

Basic Rate Band - £37,700

Less Amount £12,430

Amount taxed at Basic Rate - £25,270