HMRC - RDRM32260 - Long Tem Residents Below £2,000 Threshold - Exception

Under the terms of ITA07/s809D, long-term residents RDRM32210 of the UK can use the remittance basis without being liable to the remittance basis charge if they are below the £2,000 threshold. That is, if they have less than £2,000 un-remitted foreign income or gains in a tax year, refer to RDRM32110 Un-remitted foreign income and gains below £2,000 threshold for further details.

The important word to note here is ’un-remitted‘- it is not the level of offshore income or gains that arise or accrue during the year which is important, but the amounts that remain offshore (for whatever reason) at the end of the tax year. The limit of £2,000 is an annual limit.

Example

Vanita is resident in the UK since 2000. She is a long-term resident, who is not domiciled within the UK. In 2009-10 her foreign income and gains totalled £105,200 and she remitted £104,000 of this during this tax year. Vanita has £1,200 of foreign income left offshore (or ’un-remitted’) at the end of the tax year.

Even though Vanita is a long term resident, because she has un-remitted income of under £2,000 for this tax year, she can use the remittance basis without claiming it. She does not have to pay the remittance basis charge and retains her entitlement to personal allowances and the ‘annual exempt amount’ RDRM32040.

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