

# MODULE 2.09 - UNITED KINGDOM OPTION

<b>I</b>	<b>Income Tax, Corporation Tax and Capital Gains Tax</b>	
<b>A</b>	<b>Basic jurisdictional rules</b>	<b>10%</b>
<b>B</b>	<b>The application of corporation tax to cross-border situations</b>	<b>25%</b>
<b>C</b>	<b>The UK double tax treaty network (including double tax relief)</b>	<b>15%</b>
<b>D</b>	<b>Transfer pricing (to include thin capitalisation)</b>	<b>15%</b>
<b>E</b>	<b>Anti-avoidance</b>	<b>20%</b>
<b>II</b>	<b>Inheritance Tax</b>	
<b>III</b>	<b>Stamp Taxes</b>	
<b>IV</b>	<b>National Insurance Contributions (NICs)</b>	<b>15%</b>
<b>V</b>	<b>Value Added Tax (VAT) and customs duties</b>	

## **I Income Tax, Corporation Tax and Capital Gains Tax**

<b>A</b>	<b>Basic jurisdictional rules</b>	
1.	Jurisdictional rules applying to the various categories of income and to Capital Gains Tax	3
2.	Meaning of residence for individuals, corporations and other bodies	3
3.	Determination of UK source or situs for various categories of income and property: trading in the UK; UK permanent establishment	3
4.	The imposition of tax on non-resident persons: UK tax representatives of non-resident persons; withholding at source	3
5.	Domicile	3
6.	Remittance basis	3
7.	Administrative and compliance requirements	1
<b>B</b>	<b>The application of Corporation Tax, etc. to cross-border situations</b>	
1.	The taxation of the foreign income of UK-resident corporations	3
2.	The determination and taxation of the UK-source income of non-resident corporations	3
3.	Entity characterisation: the characterisation of foreign entities for various purposes	3
4.	Cross-border payments of dividends, interest and royalties out of the UK	3
5.	Cross-border payments of dividends, interest and royalties into the UK	3
6.	Restrictions on the deductibility of interest	3
7.	Forex rules	2
8.	Cross-border reorganisations	3
9.	Tax consequences of change of corporate residence	3
10.	Tax issues of employees: stock options, NICs, tax equalisation arrangements	2
11.	UK partnerships trading abroad; non-resident partners in UK partnerships	2
<b>C</b>	<b>The UK double tax treaty network (including double tax relief)</b>	
1.	The approach to interpreting the application of the OECD Model Tax Convention in the UK	3
2.	An overview of the UK treaty network (candidates are not expected to know the details of specific treaties, but are expected to know where UK treaty practice departs regularly from the OECD Model)	2
3.	Double tax relief	
i.	The basis for double tax relief: unilateral and treaty relief	2
ii.	The rules for determining double tax relief: the credit code	3
iii.	Practical administration of DTCs and foreign tax credit relief	2
<b>D</b>	<b>Transfer pricing (to include thin capitalisation)</b>	
1.	The legal basis for transfer pricing adjustments in the UK	3
2.	The UK approach to transfer pricing	3

3. Other transfer pricing provisions	2
4. Thin capitalisation provisions	3
5. The UK approach to thin capitalisation	3
<b>E Anti-avoidance</b>	
1. Transfers of assets abroad	2
2. Controlled Foreign Companies (CFCs)	3
3. Offshore funds	1
4. International movement of capital: reporting requirements	3
5. Treaty abuse	2
6. Capital Gains Tax	3
7. Hybrid mismatch rules	3
8. Corporate Interest Restriction (CIR)	3
9. Diverted Profits Tax (DPT)	3
10. Unallowable purpose rule	3
11. General Anti-Abuse Rule (GAAR)	2
12. Profit fragmentation rules	2
13. Digital Services Tax (DST)	3
14. The OECD's Global Anti-Base Erosion (GloBE) rules	1
15. UK implementation of GloBE: Multinational Top-up Tax (MTT) and Domestic Top-up Tax (DTT)	2

## **II Inheritance Tax**

<b>A Basic jurisdictional rules</b>	
1. Domiciled individuals, non-domiciled individuals, deemed domicile	2
2. Situs of assets	2
<b>B Measures for relieving double taxation</b>	1

## **III Stamp Duty, Stamp Duty Reserve Tax, Stamp Duty Land Tax**

<b>A Basic jurisdictional rules</b>	2
<b>B Extension of stamp duty reliefs to cross-border situations</b>	2

## **IV National Insurance Contributions (NICs)**

<b>A Application of NIC rules in cross-border situations</b>	2
<b>B The UK's network of social security agreements</b>	1

## **V Value Added Tax (VAT) and customs duties**

<b>A The application of VAT to cross-border acquisitions, importations and supplies</b>	2
<b>B The application of VAT to non-UK resident entities</b>	2
<b>C The liability to and collection of customs duties in the UK and available reliefs</b>	1
<b>D The post-Brexit settlement, including the new UK VAT rules</b>	3

# RECOMMENDED READING LIST

**For exams taking place in 2025, the Finance (No. 2) Act 2024, introduced on 12 March 2024, is considered examinable. Any subsequent Finance Act is not considered examinable.**

Nonetheless, all ADIT exam candidates are expected to maintain a general understanding of recent, significant legislative changes relevant to each exam subject.

What is essential is a thorough understanding of the relevant parts of the UK tax legislation and cases, to which candidates should maintain direct access.

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## Permitted Texts

**Candidates may take a copy of the following texts only into the examination:**

Cordara, R. *Tolley's Orange Tax Handbook 2024-2025* (LexisNexis, 2024) [ISBN: 9781474327343]  
Available from LexisNexis: [www.lexisnexis.co.uk](http://www.lexisnexis.co.uk)  
(Discount available for registered ADIT students at [www.tolley.co.uk/purchase?id=2&pc=ADIT\\_ET&step=2](http://www.tolley.co.uk/purchase?id=2&pc=ADIT_ET&step=2))

OECD, Committee on Fiscal Affairs. *Model Tax Convention on Income and on Capital* (Paris: OECD, 2017) [ISBN: 9789264287945]  
Available from the OECD: [www.oecd-ilibrary.org](http://www.oecd-ilibrary.org)

OECD, Committee on Fiscal Affairs. *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* (Paris: OECD, 2022) [ISBN: 9789264526914]  
Available from the OECD: [www.oecd-ilibrary.org](http://www.oecd-ilibrary.org)

Redston, A. *Tolley's Yellow Tax Handbook 2024-2025* (LexisNexis, 2024) [ISBN: 9781474329934]  
Available from LexisNexis: [www.lexisnexis.co.uk](http://www.lexisnexis.co.uk)  
(Discount available for registered ADIT students at [www.tolley.co.uk/purchase?id=2&pc=ADIT\\_ET&step=2](http://www.tolley.co.uk/purchase?id=2&pc=ADIT_ET&step=2))

United Nations. *UN Model Double Taxation Convention between Developed and Developing Countries 2021* (New York: UN, 2021) [ISBN: 9789212591841]  
Available from the United Nations: [www.un.org](http://www.un.org)

Van Raad, K. *Materials on International, TP and EU Tax Law 2020-2021*. Volume A (Leiden: International Tax Centre, 2020) [ISBN: 9789082585452]

Available from the Leiden International Tax Centre: [www.itc-leiden.nl](http://www.itc-leiden.nl) or [b.bosman@itc-leiden.nl](mailto:b.bosman@itc-leiden.nl)  
Or available from Wildy & Sons: [www.wildy.com](http://www.wildy.com)

**No other texts may be taken into the examination.**

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## Tax Legislation

CCH. *British International Tax Agreements* (CCH, updated weekly)  
Online version available from CCH: [www.cch.co.uk](http://www.cch.co.uk)

*Croner-i Green VAT Legislation*  
Available from Croner-i:  
<https://library.croneri.co.uk/green>

*Croner-i Red Tax Legislation*  
Available from Croner-i:  
<https://library.croneri.co.uk/red>

The Stationary Office Ltd. *Finance Act 2024* (TSO, 2021)  
Available from legislation.gov.uk:  
[www.legislation.gov.uk/ukpga/2024/3/contents](http://www.legislation.gov.uk/ukpga/2024/3/contents)

The Stationary Office Ltd. *Finance Act 2024* (TSO, 2021)  
Available from legislation.gov.uk:  
[www.legislation.gov.uk/ukpga/2024/12/contents](http://www.legislation.gov.uk/ukpga/2024/12/contents)

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## Books

Baker, P. *Double Taxation Conventions* (London: Sweet & Maxwell, looseleaf edition) [ISBN: 9780421673601]  
Available from Sweet & Maxwell:  
[www.sweetandmaxwell.co.uk](http://www.sweetandmaxwell.co.uk)

Dixon, J. and Finney, M. *Tolley's International Corporate Tax Planning* (LexisNexis, 5th edition, 2002) [ISBN: 9780754513391]  
Available from Amazon: [www.amazon.co.uk](http://www.amazon.co.uk)

Kessler, J. *Taxation of Non-Residents and Foreign Domiciliaries 2024-2025* (Key Haven Publications, 23rd edition, 2024) [ISBN: 9781901614930]  
Available from Wildy & Sons: [www.wildy.com](http://www.wildy.com)

Fairpo, A. and Salter, D. *Revenue Law: Principles and Practice* (Bloomsbury Professional, 2024)  
Available from Bloomsbury Professional:  
[www.bloomsburyprofessional.com](http://www.bloomsburyprofessional.com)

Oats, L. *Principles of International Taxation* (Bloomsbury Professional, 9th edition, 2023) [ISBN: 9781526526175]  
Contents catered to ADIT syllabus.  
Available from Bloomsbury Professional:  
[www.bloomsburyprofessional.com](http://www.bloomsburyprofessional.com)

Saunders, R. *International Tax Systems and Planning Techniques 2011-2012* (London: Sweet & Maxwell, 2011) [ISBN: 9780414022683]  
Available from Sweet & Maxwell:  
[www.sweetandmaxwell.co.uk](http://www.sweetandmaxwell.co.uk)  
Or available from Wildy & Sons: [www.wildy.com](http://www.wildy.com)

Schwarz, J. *Booth and Schwarz: Residence, Domicile and UK Taxation* (Bloomsbury Professional, 21st edition, 2022) [ISBN: 9781526522634]  
Available from Bloomsbury Professional:  
[www.bloomsburyprofessional.com](http://www.bloomsburyprofessional.com)  
Or available from Amazon: [www.amazon.com](http://www.amazon.com)

Schwarz, J. *Schwarz on Tax Treaties* (Kluwer Law International, 6th edition, 2021) [ISBN: 9789403526300]  
Available from Wolters Kluwer:  
<https://law-store.wolterskluwer.com>  
(Discount available for registered ADIT students)

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