

Employment - residence and domicile issues

Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
- the SA Orderline on **0845 9000 404** for helpsheets

or go to

www.hmrc.gov.uk

This helpsheet should usually be completed only if you were taxable under the remittance basis rules. (See *Residence, remittance basis etc. notes*.)

The boxes on your *Employment* and *Additional information* pages allow you to calculate total earnings received from each employment during the year ended 5 April 2012. Complete them as appropriate, following the guidance notes. However, in consequence of your:

- residence status (see *Residence, remittance basis etc. pages*), and
- the place where the duties of your employment were performed (see Note 1 on page 7)

you may not be liable to UK Income Tax on the whole amount received in the year ended 5 April 2012.

This helpsheet allows you to calculate the amounts received from each employment in the year ended 5 April 2012 which are not liable to UK Income Tax in that year and which you must enter in box 12 in the 'Share schemes and employment lump sums' section on page Ai 2 of your *Additional information* pages.

Part 1

If your employer has obtained a direction regarding the proportion of your earnings on which PAYE was to be operated, you should make sure that all of the cash earnings from the employment have been included in box 1 of your *Employment* page, and not only those on which PAYE has been operated, as shown on your P60.

Throughout this helpsheet the phrases 'earlier year' and 'later year' will be used:

- earlier year is a tax year which ends before 6 April 2011
- later year is a tax year starting after 5 April 2012.

If in an earlier year you were:

- paid earnings overseas which were not liable to UK Income Tax unless they were remitted (see Note 2 on page 7) to the UK, and
- during the year ended 5 April 2012 you have remitted some or all of those sums to the UK, and
- those sums do not yet appear on your *Employment* page, enter the amount remitted in box 1.

1	£
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Copy the figure from box 1, above, to box 3 of your *Employment* page.

If you are not domiciled in the UK and you receive earnings from a foreign employer (see Note 3 on page 7) and you wish to claim a deduction for 'corresponding payments' (see Note 4 on page 7), enter the amount of the deduction in box 2 below. Do not include in box 2 loan interest or contributions that you pay to an overseas pension scheme that is not UK registered. Loan interest should be entered in box 5 of the 'Other tax reliefs' section on page Ai 2 of your *Additional information* pages. See Note 7 on page 8 for guidance on claiming relief for your contributions to an overseas pension scheme.

2	£
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You should enter corresponding payments other than loan interest or contributions to overseas pension schemes in box 20 of the *Employment* page. Say which corresponding payments you are claiming in the 'Any other information' box, box 19 on page TR 6 of your tax return.

Add together boxes 1, 3 and 9 to 16 on your *Employment* page and box 3 from the 'Share schemes and employment lump sums' section on page Ai 2 of your *Additional information* pages. Deduct boxes 17 to 19 on your *Employment* page and the figure in box 2 above.

3	£
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Enter the result in box 3.

If any earnings entered in the *Employment* page for the year ended 5 April 2012 were received in a foreign country and you were prevented from bringing them to the UK by law, government action or a shortage of foreign currency in that country, you may be able to leave those earnings out of this tax return. If you think that this applies to you, ask us or your tax adviser for help.

4	£
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Enter in box 4 earnings left out of account.

If you qualify for split-year treatment (see page RRN 3 of the *Residence, remittance basis etc. notes*) and have completed box 3 of your *Residence, remittance basis etc.* pages, you have different residence status for periods within the year. You should use a separate copy of this helpsheet for each different period in the year. If you have not performed duties in the UK, other than incidental duties prior to arrival or after departure, you need only report income for the period of residence. When using work days in a calculation, for example, at boxes 17 and 18 which follow, refer only to the period of residence.

If any of the amount in box 3 has been earned in an earlier year or will be earned in a later year, enter the amount relating to the earlier or later year in box 5. You will need to complete Part 3 of this helpsheet.

5	£
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Part 2 refers to your residence and/or domicile status and the place(s) where you performed the duties of your employment during the year ended 5 April 2012. The instructions below tell you which section in Part 2 to complete. Enter in box 6 the amount in box 3 minus any amount entered in box 5.

6	£
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If, on the *Residence, remittance basis etc.* pages, you completed neither box 1 nor box 2, go to Part 2 Section A (resident and ordinarily resident). If you completed box 2 but not box 1, go to Part 2 Section B (resident but not ordinarily resident). If you completed box 1, go to Section C (not resident).

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Part 2

A. Resident and ordinarily resident but not domiciled in the UK

You should only complete this section if:

- you are resident and ordinarily resident in the UK (you completed neither box 1 nor box 2 of your *Residence, remittance basis etc.* pages), and
- you are not domiciled in the UK (you completed box 22 of your *Residence, remittance basis etc.* pages), and
- your employment is with a foreign employer (see Note 3 on page 7), and
- you performed the duties of the employment wholly outside the UK.

Enter in box 7 the amount from box 6, if any, which was not remitted to the UK during the year ended 5 April 2012 (see Notes 1 and 2 on page 7).

7	£
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Go to Part 3, if appropriate. If not, go to Part 4.

B. Resident but not ordinarily resident

(You completed box 2 but not box 1 of your *Residence, remittance basis etc.* pages.)

B1 If you performed the duties of the employment wholly outside the UK, enter in box 15 any amounts not remitted to the UK during the year ended 5 April 2012. Go to Part 3, if appropriate. If not, go to Part 4. If you performed the duties of the employment partly in and partly outside the UK, go to B2.

B2 If you received all of your earnings in the UK during the year ended 5 April 2012, enter zero in box 15 on page 4. Go to Part 3, if appropriate. If not, go to Part 4.

B3 If you received part of your earnings in the UK during the year ended 5 April 2012, go to B4.

B4 Enter in box 8 the number of days you worked outside the UK during the year ended 5 April 2012 in respect of this employment (see Note 5 on page 8).

8	days
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Enter in box 9 the total number of days you worked in pursuit of this employment in the year ended 5 April 2012.

9	days
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Enter in box 10 the figure from box 6 multiplied by box 8, divided by box 9.

10	£
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B5 Enter in box 11 the figure from box 6 minus the figure in box 10.

11	£
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B6 Enter in box 12 the amount remitted to the UK during the year ended 5 April 2012 (see Note 2 on page 7). You should not enter foreign earnings for earlier years not remitted to the UK until 2011–12 in box 12. Enter earnings from an earlier year remitted to the UK in 2011–12 in box 1.

12 £

If box 12 is greater than box 11, subtract box 11 from box 12 and enter the result in box 13. Otherwise, enter zero in box 13.

13 £

B7 Add together box 11 and box 13. Enter the total in box 14.

14 £

B8 Enter in box 15, box 6 minus box 14.

15 £

Go to Part 3, if appropriate. If not, go to Part 4.

C. Not resident in the UK

(You completed box 1 of your *Residence, remittance basis etc.* pages.)

C1 If you were not resident for the whole of 2011–12 and:

- you performed all of the duties of the employment outside the UK, you are not required to complete the *Employment* page for this employment (see page RRN 2 of the *Residence, remittance basis etc. notes*)
- you performed some of the duties of the employment outside the UK, go to C2
- you performed all of the duties of the employment in the UK, enter zero in box 16.

16 £

Go to Part 3, if appropriate. If not, go to Part 4.

C2 If your duties were performed partly in the UK:

- enter in box 17 the number of days worked outside the UK in the year ended 5 April 2012 in respect of this employment

17 days

- enter in box 18 the total number of days you worked in pursuit of this employment in the year ended 5 April 2012

18 days

- enter in box 19 the figure from box 6 multiplied by box 17, divided by box 18.

19 £

Go to Part 3, if appropriate. If not, go to Part 4.

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Part 3

Payments earned in an earlier or later year

This part should only be completed if you entered a figure in box 5.

You must now establish your residence and domicile status for the earlier or later year. Do this by completing a copy of the *Residence, remittance basis etc.* pages, answering questions with information which applies to the earlier or later year. Go to paragraphs 1 to 8, as appropriate to your residence or domicile status and the place(s) where your duties were or will be performed.

If for the earlier or later year you have claimed or will claim 'split-year treatment' (and completed box 3 of your *Residence, remittance basis etc.* pages) and so have different residence status for different periods within the year, it will be necessary to apportion working days and earnings between the periods and calculate liability for each period using the appropriate sections below.

Resident and ordinarily resident but not domiciled in the UK

1 Complete if you were or will be resident and ordinarily resident but not domiciled in the UK in the earlier or later year when the earnings were or will be earned and:

- the earnings were or will be from employment with a foreign employer (see Note 3 on page 7), and
- the duties of the employment were or will be carried out wholly outside the UK, and
- some or all of the earnings have been remitted (see Note 2 on page 7) to the UK during the year ended 5 April 2012, and
- it is assumed that for your earnings for 2011–12 onwards, you were taxed under the remittance basis. If you were not taxable on the remittance basis you will need to amend your tax return accordingly.

Enter in box 20 the amount of those earnings which you have remitted to the UK during the year ended 5 April 2012.

20	£
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Go to Part 4.

2 If you were or will be resident and ordinarily resident but not domiciled in the UK in the earlier or later year when the earnings were or will be earned, and some or all of the duties of the employment were or will be carried out in the UK, enter in box 21 the full amount of the earnings from the employment received in the year ended 5 April 2012.

21	£
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Go to Part 4.

Resident but not ordinarily resident in the UK

3 Complete if you were or will be resident but not ordinarily resident in the UK in the earlier or later year when the earnings were or will be earned, and:

- the earnings are in respect of duties performed or to be performed overseas (see Note 1 on page 7), and
- the earnings have been remitted (see Note 2) to the UK during the year ended 5 April 2012, and
- it is assumed that for your earnings for 2011–12 onwards, you were taxed under the remittance basis. If you were not taxable on the remittance basis you will need to amend your tax return accordingly.

Enter in box 22 the amount of those earnings which have been remitted to the UK during the year ended 5 April 2012.

22 £

Go to Part 4.

4 Complete if you were or will be resident but not ordinarily resident in the UK in the earlier or later year when the earnings were or will be earned, and:

- the earnings are for duties performed or to be performed in the UK, and
- you have received those earnings during the year ended 5 April 2012.

Enter in box 23 the amount of those earnings which you have received during the year ended 5 April 2012.

23 £

Go to Part 4.

5 Complete if you were or will be resident but not ordinarily resident in the UK in the earlier or later year when the earnings were or will be earned, and the earnings are in respect of duties performed or to be performed partly in the UK and partly overseas. Follow the steps set out below.

Enter in box 24 the days you worked or will work in the UK in the earlier or later year in respect of this employment.

24 days

Enter in box 25 the total number of days you worked or will work in pursuit of this employment in the earlier or later year.

25 days

Enter in box 26 the figure from box 5 multiplied by box 24 and divided by box 25.

26 £

If the amount received in the UK exceeds the figure in box 26, enter the excess in box 27.

27 £

If the amount received is less than the figure in box 26, enter zero in box 27.

Not resident but ordinarily resident or not resident and not ordinarily resident

6 Complete if you were or will be not resident but ordinarily resident or not resident and not ordinarily resident and you received earnings in the year ended 5 April 2012 in respect of duties performed in the UK in the earlier or later year.

7 If you performed or will perform the duties of the employment wholly in the UK, enter the earnings received in box 28 and go to Part 4. If not, go to 8.

28 £

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8 If you performed or will perform the duties of the employment partly in the UK and partly overseas, follow the steps set out below.

Enter in box 29 the days you worked or will work in the UK in the earlier or later year in respect of this employment.

29 days

Enter in box 30 the total number of days you worked or will work in the earlier or later year in respect of this employment.

30 days

Enter in box 31 the figure from box 5 for this employment multiplied by box 29 and divided by box 30.

31 £

Go to Part 4.

Part 4

Transfer of information to the Additional information pages

Add together boxes 20, 21, 22, 23, 26, 27, 28 and 31 and enter the total in box 32.

32 £

Subtract box 32 from box 5 and enter the result in box 33.

33 £

Add together boxes 7, 15, 16, 19, 33 or box 4, as appropriate, and enter the total in box 34.

34 £

Copy box 34 to box 12 in the 'Share schemes and employment lump sums' section on page Ai 2 of the *Additional information* pages.

Notes

1 Duties can be treated as performed wholly outside the UK even when some of the duties are in fact performed in the UK, so long as the UK duties are incidental to the performance of the overseas duties. If you want more information about 'incidental duties' please contact us.

2 Earnings are regarded as having been remitted if the money, property or service was brought to, or received or used in, or enjoyed in the UK in any way. If your employer provides you with benefits in kind for use in the UK, those benefits will be part of your remitted earnings. See page RRN 21 of the *Residence, remittance basis etc. notes* for further explanation of 'remitted' to or 'received' in the UK.

3 'Foreign employer' means an employer who is resident outside, and not resident in, the UK.

4 Corresponding payments. The Commissioners for HM Revenue & Customs have discretion to allow certain payments made by a non-domiciled employee out of earnings from a foreign employer in circumstances corresponding to those which would have reduced his or her liability to UK Income Tax. If you think you qualify for a deduction, ask us or your tax adviser for advice.

5 Days worked overseas are those days which have been spent outside the UK substantially performing the duties of the employment. This may include travelling where the journey is itself part of the duties.

6 Income which has already been taxed in another country. UK residents are ordinarily taxable on their worldwide income. Some qualifying individuals may decide to make a claim to pay tax only on the amount of their foreign income that is remitted to the UK. A claim to be taxed on the remittance basis must be made in the *Residence, remittance basis etc.* pages.

UK residents with foreign income should complete the *Foreign* pages – but see page TRG 4 in the tax return guide for circumstances where you do not have to. If your income from outside of the UK is also taxable in another country, you will not have to pay tax twice. The *Foreign notes* explains Foreign Tax Credit Relief and Double Taxation Agreements. See Helpsheet 263 *Calculating Foreign Tax Credit Relief on income* for more guidance about the availability of Foreign Tax Credit Relief.

7 You can claim relief for contributions that you pay to an overseas pension scheme that is not UK registered by entering the amount of contributions eligible for relief at box 4 in the ‘Tax reliefs’ section on page TR 4 of your tax return. You may be eligible for:

- migrant member relief in respect of your contributions to a Qualifying Overseas Pension Scheme, or
- transitional corresponding relief in respect of your contributions to a scheme that is recognised by us as a ‘corresponding scheme’ (if you received corresponding relief on contributions that you made to the scheme between 6 April 2005 and 5 April 2006), or
- relief under a Double Taxation Agreement in respect of your contributions to an overseas pension scheme.

Use the ‘Any other information’ box, box 19 on page TR 6 of your tax return to enter:

- the name of the Qualifying Overseas Pension Scheme and its QOPS reference, or
- the name and ‘SF74 reference’ of the scheme recognised as ‘corresponding’, or
- the Double Taxation Agreement (DTA) under which you are claiming relief.

You should also provide confirmation that the scheme has been accepted by Pension Schemes Services as corresponding, or, in the case of the UK/USA DTA, confirmation that the US scheme is of a type specified in the Exchange of Notes of 24 July 2001 as being a pension scheme under Article 3.1(o). In the case of the UK/Ireland DTA you should instead provide confirmation that the Irish scheme is tax approved or registered for tax approval in Ireland.

You can find more information about migrant member relief and transitional corresponding relief at www.hmrc.gov.uk

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at www.hmrc.gov.uk