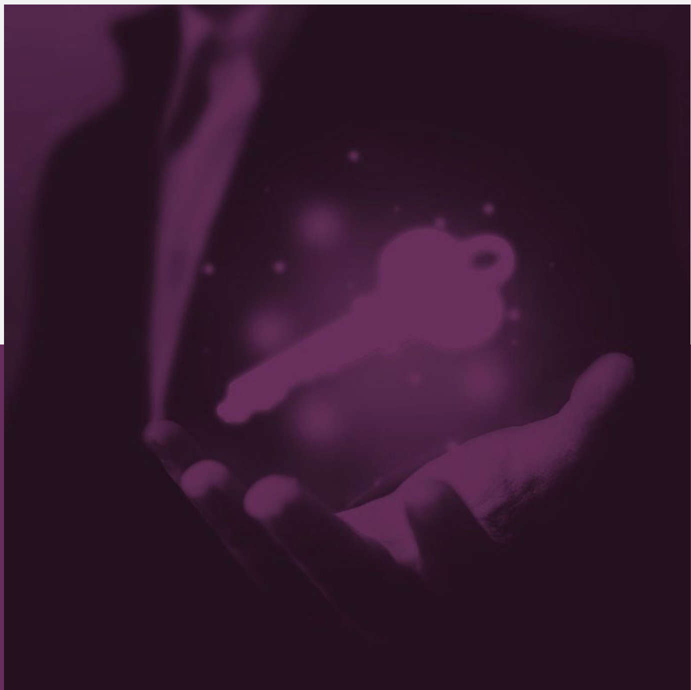
HARBOUR KEY

TAX PLANNING

CHECKLIST FOR YEAR END 2023



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INTRODUCTION

As the end of another tax year approaches, now is a good time to consider your financial position and check whether you have taken full advantage of the tax reliefs and exemptions that are available, as well as prepare for the new tax year. This checklist is intended to provide a guide to the opportunities that we believe may be worth considering.

There are many tax-saving measures available, and we detail below a number of steps that can be taken to improve your tax position, without significant effort. We have listed some planning points to consider which may help reduce your taxes for this tax year (ending 5th April) or prepare for the next, if implemented now.

The impact of taxation is only one element in establishing your financial position, you should also be considering such issues as your savings, investment performance and succession planning. The following guide is not an exhaustive list of ideas and is intended for general information purposes only and shall not be deemed to be or constitute advice. Always take professional advice when deciding your tax planning or investment strategy, including financial advice from a FCA registered advisor.

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INCOME TAX PLANNING

Sharing income with spouse/civil partner

If you are married or in a registered civil partnership and have taxable income incurring tax at either 40% or 45%, significant savings can be made by diverting investment income into your partner's name if they have no earnings or are a basic rate taxpayer. Diverting income and other measures set out below are particularly beneficial if your income is over £100,000 because the personal allowance is reduced by £1 for every £2 of net income over £100,000. For income between £100,001 and £125,140 the effective top rate of tax is 60%.

Landlord couples should consider their property ownership arrangements, which are dealt with further down in this guide, where it may be possible to minimize the tax rate, but also minimise the interest relief restrictions, which impacts higher and additional rate taxpayers.

It should be noted that the income tax additional rate threshold is reduced from £150,000 to £125,140 from 6 April 2023, therefore sharing income with spouses/civil partners may become more relevant for those higher earners.

Business owners – utilise dividends and pension

If you are running your own company, you should consider drawing a combination of salary, dividends and pension contributions to limit the overall rate of tax, particularly at least using the dividend allowance of £2,000 (which from 6th April 2023 reduces to £1,000).

If you have received funds by way of a loan from a 'close' company of which you are a shareholder, the company will face a 33.75% tax charge if the loan is not repaid within nine months following the end of the company's accounting period. Repaying the loan within the nine-month period is simplest, but if it is repaid later, the tax charge that the company will have had to pay can be reclaimed. Funding the loan repayment by way of a dividend from the company is a common solution, as is repaying one loan but taking out a new one for a similar amount. However, since 20th March 2013, 'bed and breakfast' loans are not permitted, and any new loan made by the company to a shareholder within 30 days is effectively treated as a continuation of the original loan.

There are further anti-avoidance rules to catch situations where there is an intention to re-draw the loan outside of the 30-day limit. In addition, if the loan is interest free or interest is charged at below the official rate of interest (currently 2%, however expected to increase from 6th April 2023) there is a benefit in kind charge, reportable via forms P11D.

It should be noted It should be noted that the income tax additional rate threshold is reduced from £150,000 to £125,140 from 6th April 2023, therefore any directors' loans which are not cleared in this tax year, it will be more expensive to clear the loans in the future where they exceed the £125,140 threshold.

Marriage Allowance

Marriage Allowance lets you transfer 10% of your Personal Allowance to your husband, wife, or civil partner, if they earn more than you. This reduces their tax by up to £250 in the tax year. To benefit as a couple, you (as the lower earner) must have an income of £12,570 or less. You qualify for the Marriage Allowance if all the following apply:

- you're married or in a civil partnership;
- your income is under £12,570;
- your partner's income is between £12,570 and £50,270.

Tax efficient investments

Investments in businesses which qualify under Enterprise Investment Schemes (EIS), Seed Enterprise Investment Scheme ("SEIS") or Venture Capital Trusts ("VCT") generate income tax relief, although you should take independent financial advice before investing.

- EIS provides income tax relief of 30% on investments of up to £1,000,000;
- SEIS provide 50% tax relief on investments of up to £100,000, whatever the individual's tax rate (this increases to £250,000 from 6th April 2023);
- VCTs provide 30% income tax relief on investments up to £200,000 per annum and the dividends are tax free.

EIS, SEIS and VCT investments are all free of capital gains tax provided the investment remains qualifying and is held for the required period of time. Relief will be restricted if there is an insufficient tax liability against which the claim is made, as it is not possible for relief to create a 'negative' tax liability.

Utilise tax bands

The Capital Gains Tax ("CGT") rate of 20% (28% for residential property) applies to gains in excess of the basic rate income tax band (10% for those individuals whose taxable gains fall into the basic rate band (18% on residential property)). If a spouse or civil partner is not fully utilising their basic rate income tax band, then consider transferring capital assets prior to sale so that part of the gain is taxed at 10%. Even if both spouses and civil partners are taxed at the same rate there may still be an opportunity to use both individuals' annual exemptions of £12,300 rather than one.

The annual capital gain exemption will be reducing to £6,000 from 6th April 2023.

Tax on savings

A basic rate taxpayer is entitled to a £1,000 personal savings allowance, and banks/building societies no longer deduct tax at source. For higher rate taxpayers the allowance is £500, with additional rate taxpayers having no allowance.

As with dividends, if a spouse is a low earner or has no income, it is worth considering diverting interest income.

Claim refunds of tax paid at source

Your spouse, civil partner, or family dependent may inadvertently be paying tax on savings income or income from a trust even though their total income is below the tax threshold. If this is the case, and they do not already file a tax return, we would suggest them requesting and completing a tax refund claim form (R40) from HMRC for 2022/2023.

Change your company car

The taxable benefit on company cars have been frozen for two years, but for those who drive a high emissions car, for example a car 160g/km or more has a benefit in kind of 37% of the list price of the car for 2022/23. For the 2022/23 tax year the diesel supplement is 4%, subject to an overall cap of 37% (or 0% depending on whether the car is certified to meet the Real Driving Emissions 2 standard).

You should review your company car situation and consider a low emission/ hybrid car or electric car. The benefit in kind on a fully electric car until 2025 is 2%, and is only increasing 1% annually to 2028.

Keeping your child benefit

Consider if there are any measures that can be taken to keep **you and your** spouse's/partner's annual adjusted taxable income below £50,000. Adopting some of the measures set out here, such as making pension contributions or sacrificing salary/bonus in return for employer pension contributions can reduce your taxable income to keep it below the £50,000 threshold. It may also be possible to reallocate assets or trading profits between you to keep both spouses/partners below the threshold.

If you or your partner's taxable income exceeds £50,000, child benefit is clawed back. The claw-back (officially known as the high-income child benefit charge) is at 1% of the benefit for every £100 of income over £50,000. Therefore, when income reaches £60,000, the financial benefit of the claim is lost. It is the individual's income, rather than family income, that is the key factor.

If not claiming child benefit because you are a high earner, you could be prejudicing your right to claim a full state pension in the future (and possibly (non-salary) state benefits). For state pension you need 35 years' worth of NIC credits or contributions and those individuals without a full record can only claim a reduced pension.

If you are a parent claiming child benefit for a child under 12, you will automatically get NI credits towards your state pension record if you do not work, or do not earn at least £5,824 per year. If you were claiming child benefit at the time means-testing was introduced in January 2013 and have since stopped claiming even though you are still eligible, there will not be any impact on your state pension entitlement, as under transitional rules you will continue to get NI credits. However, those who have had children after January 2013 need to register which can be done in two ways:

- Claim child benefit as normal, then your partner pays tax on it;
- Claim child benefit, but at a 'zero rate'. You will not actually receive any child benefit, but you will get NI credits. To apply for this, zero-rate child benefit, tick a box on the child benefit application form.

Check your PAYE coding notice

It is common for PAYE coding notices to be issued incorrectly or be out of date and result in taxpayers receiving tax demands for underpayments. When you receive your coding notice (accountants/agents no longer receive copies), make sure it is correct. If not, a quick call to HMRC can get your coding notice changed. Alternatively, let us have a copy of your coding notice and we can review it. You should also update the code during the year, if there is a change in your circumstances, for example you give up your company car.

Individual Savings Account (ISA's)

Make the most of Individual Savings Account (ISA) maximum annual contribution for the tax year 2022/23 of £20,000 (all of which can be put into a 'cash ISA' if preferred).

This provides an income tax free return and gains are exempt from capital gains tax. In addition, other tax favorable ISAs are:

- Junior ISA for children under 18 – maximum annual contribution £9,000;

- Lifetime ISA – maximum contribution per year £4,000 with a 25% per annum Government top-up, up to a maximum of £1,000 per year. This is only available for those aged between 18 and 40 at the time of opening the account;

- Help-to-Buy ISA – no longer available to open, but those who have one can continue to contribute.

Shares no longer of any value

For all individuals, the maximum relief that can be claimed against general income for losses and interest payments is capped at the higher of £50,000 and 25% of adjusted total income (except for a few exceptions, such as charitable donations). Look for losses and consider carefully the year in which they are claimed – losses on subscriber shares in EIS/SEIS-qualified companies and certain other unquoted companies can be claimed against income tax and are not affected by the cap. If a loss has arisen but not yet been claimed, consider claiming the loss in a year when you are likely to be a higher rate or additional rate taxpayer.

Charitable donations

Provided that you pay income tax above the basic rate, you should be able to obtain income tax relief at your marginal rate for cash donations made under Gift Aid. Gift Aid relief is not affected by the £50,000 cap applied to certain other tax reliefs. (Gift-aid relief can also be carried back).

Life assurance-based investments

Whilst these products may allow a withdrawal of 5% tax free each year, on maturity or in the event of a full or partial early surrender the profits are subject to income tax. It may be possible to surrender these policies before 6 April 2022, so as to make full use of any surplus basic rate band that you have available. Please note that gains on some events are calculated by reference to the policy year rather than the tax year, therefore specialist advice should be sought.

PENSION PLANNING

Maximise pension contributions

Pension contributions up to a certain limit are free from tax. From 6 April 2014, it is only possible to make a qualifying annual contribution up to a maximum of £40,000. It may be possible to bring forward any unused allowances from the previous three years. The £40,000 allowance applies to both employer and personal contributions.

'Salary sacrifice' (giving up salary or bonuses in return for pension contributions) can also save National Insurance. Additional rate taxpayers are now significantly restricted, as from 6 April 2020 the tax relief they can claim on pension contributions is restricted by £1 for every £2 over £240,000 restricted to a maximum allowance of £4,000 (gross). In addition to maximising your pension contribution, review the total value of your pension fund. Although funds invested within a pension can grow tax free, there is a limit, called the Lifetime Allowance ("LTA"), on the total amount you can hold in a pension. Funds valued above the limit will suffer penalty tax charges when you start to take pension benefits.

The lifetime allowance was reduced from £1.25m to £1m from 6 April 2016, subject to a yearly increase from this date based on inflation. You can now elect for 'Individual Protection 2016' to preserve your individual limit at the lower of £1.25m or the actual value of your pension funds on 5 April 2016 if they were above £1m on 5th April 2016. You can also preserve the earlier £1.25m LTA by opting for "Fixed Protection 2016." All contributions must have stopped from 6th April 2016 if fixed protection is chosen. The standard lifetime allowance for 2022/23 is £1,073,100.

Request a State Pension Forecast

The full amount you can get under the new State Pension depends on your National Insurance record. If you have:

- 35 years or more of NI contributions, you will get the full amount;
- between 10 and 34 years of contributions, you will receive a proportion of the pension;
- less than 10 years of NI contributions, you aren't eligible for the new State Pension;
- The amount will also be impacted if you opted out of SERPS.

You can check how much State Pension you will get on the GOV.UK website, this will enable you to establish if there are any gaps in your National Insurance record which you may be able to resolve.

Transfer investments to your pension fund

Consider transferring some of your investments and commercial property portfolios into a pension, particularly if standing at a loss. You will effectively negate the impact of any 20% CGT liability if there is a gain and make an immediate profit of up to 17% as a result of the income tax relief on pension contributions. A transfer of shares will attract a stamp duty charge at 0.5%.

A transfer of property will be liable to SDLT at up to 5% and so transferring a part interest in the property might reduce the liability. Note that pension contributions are now subject to an annual restriction as explained above. Consideration will need to be given to the pension lifetime allowance of £1.073million.

Even if not a loss, with the risk of CGT rates increasing, it may be worth transferring qualifying assets in any event, to beat the possible tax change.

The same consideration can be given to stocks and shares being transferred to your ISA (see below).

Passing on your pension

It is possible for an individual to pass on their pension pot from generation to generation in a tax efficient manner. If death occurs before the age of 75, the pension fund can be passed on tax-free to a beneficiary. If death occurs after 75, the fund can be drawn by a beneficiary at their own marginal rate of tax. A beneficiary will have the option to receive the death benefits either as a lump sum, drawdown, or as an annuity.

If death benefits are paid as a lump sum, those benefits would form part of a beneficiary's estate. Therefore, an efficient way to pass on death benefits is to consider 'dependents drawdown'. This would allow the beneficiary to continue to enjoy the tax advantages associated with investing in a pension, whilst allowing them to draw income as and when required. The fund could then be used as a further legacy for them to pass on to their own beneficiaries.

It is important that death benefit nomination forms are reviewed as individuals who you want to have the option to benefit from dependents drawdown will need to be included on these. Your pensions should be considered in the context of inheritance planning and alongside any Will planning. It is worth checking that your pension allows for this type of planning and if not, consideration should be given to a transfer with specialist advice.

PROPERTY

Mortgage Interest Relief

From 6th April 2020 all finance costs (not just loan interest) are no longer an allowable expense when calculating your taxable rental profits. The adjustment will give you a basic rate tax deduction after the rental profits have been taxed, therefore basic rate taxpayers are not impacted, but this has a significant impact on higher and additional rate taxpayers.

Landlords should review their rental profits and overall taxable income position. For example, as with interest and dividends, can savings be made by diverting rental income into your partner’s name if they have no earnings or a basic rate taxpayer (if the property is mortgaged stamp duty land tax needs to be considered)? Alternatively, consider transferring to a company ownership structure, although there are both pros and cons with this move.

Property Disposals

Individuals who make a chargeable capital gain from the sale or other disposals of UK residential property from 27th October 2021 are required to report the disposal and pay the tax within a 60-day reporting window.

Currently, if you have lived in a property which is sold after you have moved out, you can claim principal Private Residence Relief (“PPR”) for the period of your occupancy, to which you can add a further 9 months after leaving the property, which will also be exempt from Capital Gains Tax.

Making Tax Digital

HMRC continue to roll out their Making Tax Digital (MTD) scheme, which will include landlords submitting their rental income and outgoings. The current plan is that landlords with property income above £10,000 will need to follow the MTD for Income Tax rules from their next accounting period starting on or after 6 April 2026.

Essentially, affected landlords will need to upload quarterly figures – kept electronically via accounting software which connect directly to HMRC’s servers. Most accounting software providers will provide this functionality. Manual records or the use spreadsheets will no longer be available, the spreadsheets can be adapted to provide the necessary upload functionality, but a more digitally responsive approach will be necessary. This is a significant change, and landlords should start planning for this change now and the start of the new tax year is an idea time to set up the process and test, before it becomes a legal requirement.

CAPITAL GAINS TAX

With the high risk of an increase in the CGT rates, consideration should be given to disposing of chargeable assets before a rate change which, if announced in the Spring Budget, should be 6th April. As highlighted above, the transfer of authorized assets to your pension fund or ISA could be considered to generate a taxable disposal, while putting the asset in to a tax-free wrapper. The decision to sell capital assets should first of all be driven by investment considerations rather than tax, so always seek independent financial advice.

Take less income to reduce your CGT rate

With the rate of CGT dependent on your total taxable income, it may be worth considering reducing your income, potentially resulting in a lower CGT rate being applied to any gains (basic rate taxpayers pay CGT at 10% and 18% on residential property). Higher rate relief on pension contributions will extend the basic rate band and is a method of providing an indirect CGT saving (subject to limits discussed above).

Utilise your annual allowance and losses

If you have stocks and shares that have yielded gains that are unrealised, consider selling shares to utilise your personal CGT Annual Exemption (£12,300 in 2022/2023). From 6th April the CGT Annual Exemption will be reduced to £6,000.

If you have already realised gains and have some investments standing at a loss, consider selling the ones at a loss which should reduce your tax bill. You can also gift assets subject to CGT to your spouse, allowing him or her to use their own CGT exemption. Beware, there is anti-avoidance in place to catch re-purchases of shares shortly after they have been sold – the triggered gain/loss on the sale is ignored.

It may still be possible to crystallise gains to mop up losses. This could be achieved by a sale followed by a repurchase after 30 days or immediately by an individual’s spouse or civil partner, or within an ISA or trust. Alternatively, the balance of a portfolio of quoted shares can be maintained by selling shares in one company, crystallising either a gain or loss, and reinvesting in another company in the same sector.

You could use your ISA to allow you to utilise the current years ISA Allowance (see above) by moving investments from an unwrapped environment to the ISA Tax Wrapper. This is achieved by disposing of the unwrapped investment and repurchasing it via an ISA. The disposal of the unwrapped investments may be liable to CGT but once inside the ISA, the investments are sheltered from CGT in the future.

Realise long standing gains or stockpiled gains in offshore trusts

The CGT rate for individuals is 20% (unless residential property taxed at 28%) and is at a historic low, but expected to increase. Individuals and trusts holding investments at a long-standing gain could consider releasing these assets and paying CGT now at this lower rate. Trustees should also consider distributing stockpiled gains to beneficiaries of offshore trusts. At the current low rate of CGT, the maximum uplifted rate of tax that is payable under the supplementary charge provisions applied to delayed distributions is now 32% (reduced from 44.8% in 2015/16).

Review your Business Asset Disposal Relief Qualification

CGT is charged at 10% where Business Asset Disposal Relief (“BADR”) formerly known as Entrepreneurs’ Relief (“ER”) applies, subject to a lifetime limit of gains totaling £1m following changes in the March 2020 Budget.

BADR applies to the sale of a trading business carried on as a sole trader or partnership, or to the sale of shares in a trading company. It can also apply to personally held assets that have been used in the trade of a partnership that you are a partner of or a company that you are a shareholder in. The 2018 Budget made several changes to the qualifying conditions for what was then ER. For a disposal of shares on or after 29 October 2018, the rights attaching to those shares must include a minimum 5% interest in the distributable profits and net assets (as well as 5% of the voting power and nominal value). For a disposal of assets on or after 6 April 2019, the minimum period that qualifying assets must be held is extended from one year to two years. It is easy to miss out, so review your shareholding or seek advice, to confirm whether or not you qualify for this valuable relief.

With the lifetime allowance reduced to £1m per individual, consideration should be given to a spouse/civil partner holding shares and meeting the qualifying the conditions, such that the maximum can be claimed on the future sale of the business.

Defer/mitigate capital gains

If you have realised a capital gain, the tax on the gain can be deferred via an EIS qualifying investment, the gain only coming back into charge when the EIS investment crystallises (generally sells or goes bust). However, such deferred gains can be rolled over again.

Qualifying SEIS investments made in 2022/23 can be used to reduce capital gains tax charges arising in the tax year by up to 50% of the SEIS investment made. EIS investments can also be carried back to 2021/22 (the previous tax year) where CGT reliefs can be claimed.

If you sold an asset during 2022/23 that had been used in your business and you realised a capital gain, the gain can be rolled over if you buy another qualifying business asset within three years. Alternatively, if a qualifying asset were acquired in 2022/23, you can match this with a gain on disposal of another qualifying business asset sold within the following 12 months to roll over the gain that would otherwise be taxed in 2022/23.

Investments with capital growth

If you are a 40%/45% income taxpayer with funds to invest, consider investments which generate capital growth taxed at 20% as opposed to income subject to higher rates of income tax. Residential property gains are still taxed at 28%.

INHERITANCE TAX

IHT Efficient Investments

Consider placing funds into inheritance tax efficient investments, for example, shares in qualifying AIM listed companies. These investments benefit from business property relief and as such, are relieved from IHT after they have been owned for two years. Investment advice needs to be taken, as the tax benefit comes with commercial risks.

Retaining pension wealth within the pension fund and passing it to future generations is an extremely tax efficient estate planning solution, as it combines inheritance tax free capital with tax free investment returns and potential tax-free withdrawals. You can nominate who inherits your pension fund. It can be anyone of any age and is no longer restricted to your ‘dependents’. If death occurs before age 75, the nominated beneficiary can access the funds at any time, tax free. If the original policy holder dies after age 75, defined contribution pension funds can be taken in instalments or a lump sum and will be taxed at the beneficiary’s marginal rate as they draw income from it.

Check you have completed the required nomination forms with your pension provider, or that the ones in place are up to date.

Allocate inheritance to others

If you have been the recipient of a bequest upon the death of a friend or relative within the last two years, consideration should be given to the use of a Deed of Variation if you do not require the gift or wish the bequest to go to another beneficiary such as a child or grandchild.

Review qualification for business assets and/or agricultural property

Review the position of business assets and agricultural property to make sure the appropriate conditions apply for the 100% relief. For example, the relief on unquoted shares may be restricted if there are “excepted assets” in the balance sheet, such as large holdings of cash or a property occupied by a shareholder.

Leave your family home to a direct descendant

The additional inheritance tax (IHT) nil rate band of £125,000 (the main residence nil rate band, RNRB) is available on death where a residence is passed on to a direct descendant (including adopted, step and foster children). The RNRB is tapered away for estates with a net value of more than £2m (before reliefs and exemptions).

Any unused RNRB can be transferred to a spouse or civil partner in a similar way to the transfer of any unused main nil rate band. If the first spouse or civil partner died before 6 April 2017, when the new RNRB came into effect, there are provisions for a carried forward amount of RNRB to be transferred to the survivor. This relief was introduced so as to not deter individuals downsizing or selling their properties. The Government has confirmed that where part or all of the RNRB might be lost because individuals ceased to own a residence (or downsized to a less valuable residence) the lost RNRB will still be available. This is provided the individuals’ residence is sold (or no longer owned) after 8 July 2015 and certain qualifying conditions are met.

Review borrowing arrangements

Rules introduced from 17 July 2013 changed the way that some debts are treated when an individual die. Previously, most loans outstanding at death were simply deducted from the value of an individual's total estate before IHT was calculated; now there are restrictions. Under the prior rules, it was possible to borrow funds and use them to buy an asset that was either covered by 100% IHT relief (i.e., a trading business or shares in a trading business, an agricultural asset, or woodlands) or was excluded from IHT (i.e., an overseas asset held by a non-UK domiciled individual).

On death, the value of the asset was not taxed but the loan reduced the taxable value of the individual's estate. Under the new rules, the value of the loan must be deducted from the asset it was used to buy, repair, or maintain. In many cases where this is a relievable or exempt asset, there will no longer be any IHT saving from such planning. Loans made before 6 April 2013 are not affected by these rules.

Wills

A review is recommended if there has been:

- a birth or a death;
- a marriage or a divorce;
- a move abroad;
- a significant change in the value of your estate;
- a new business or the disposal of a previous business;
- a retirement or;
- a relevant change in tax law.

Annual gift allowance & other reliefs

- There is an annual £3,000 gift exemption, it can only be carried forward for one year before it is lost;
- Small Gifts Exemption – You can give up to £250 to as many people as you wish each tax year;
- Gifts out of Income – If your income regularly exceeds your expenditure, you can give away the excess. To gain this relief, the gifts must be part of a settled pattern of giving or there must be evidence of the intention to make these gifts. It is necessary to ensure that you have evidence demonstrating that the gifts have been made out of your post-tax income;
- Lifetime Giving – A person may also consider making lifetime gifts in excess of the above exemptions. A person must survive such a gift by seven years for it to fall out of their estate entirely, and the donor must not benefit from the assets once they are gifted. The gifts might be absolute gifts to family members, or they could be gifts into trust. Gifts into trust can give rise to an immediate charge to IHT at the rate of 20% and therefore transfers to trust should be limited to the available nil rate band. Charitable donations, gifts to political parties and other specialist gifts are exempt from IHT.

Preparing for your Death

In addition to tax planning, prepare for an unexpected death, do you have notes of your worldwide assets, including access codes for online bank accounts and investments managed on online, location of will, pension plan documents etc.

FOREIGN ASPECTS

Leaving the UK

Leaving the UK can be an effective way to save tax in the right circumstances, but it is vital to plan the departure date. For example, if you intend to be non-UK resident for 2023/2024, now is the time to start planning. To establish yourself as non-resident in the UK, you will need to meet the various requirements of the UK's statutory residence test and may need to remain non-UK resident for five full tax years to mitigate certain UK taxes such as CGT. The requirements of the test vary according to your circumstances, so detailed planning is vital.

It is also important to understand your tax position in the country you are moving to and consider whether you should be taking any tax planning steps before you arrive. On moving to a country, you are likely to become a tax resident and subject to taxes on your worldwide income and gains. In the UK selling your home is generally tax free but it may not be in the country you move to. The UK allows an individual to receive a 25% tax free lump sum from their pension fund, again this may not be the case in your new home country.

Non-UK domiciled individuals and remittances

If you are not domiciled in the UK, review your remittances for the 2022/23 tax year well before 5 April. There may be scope for further remittances to the UK or it may be appropriate to take remedial action to reduce future liabilities. For example, individuals who bring or transfer foreign funds to the UK to invest in certain qualifying companies have been able to do so without incurring UK tax charges regardless of the source of the funds remitted.

Investments can either be by way of loans to, or the acquisition of shares in, an unconnected company.

Non-UK domiciled individuals should also make sure they are aware of how many years they have been UK tax resident, as the remittance charge of £30,000 applies after being UK tax resident for 7 out of the previous 9 years, increasing to £60,000 after 12 years. After 15 years, non-UK domiciled individuals become deemed UK tax resident and taxed on their worldwide assets, and therefore planning may be required before this 15-year window is reached.

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