



Global Insight

Top 10 ways to reduce tax when coming to work in the UK

The UK is considered by some as a “friendly tax haven” so, with careful planning, expats coming to the UK can take advantage of generous tax reliefs to significantly reduce their UK tax obligations while on assignment. This Global Insight provides an overview of the top 10 ways that expats can reduce UK tax.

1. Overseas workdays

Income relating to days worked outside the UK is not taxed provided income is paid into an offshore bank account and is not remitted to the UK.

Available for the first three years provided conditions are met and bank accounts are structured correctly.

2. UK as a temporary workplace

A tax deduction can be claimed for the taxpayer's accommodation, travel and subsistence expenses which are personally incurred. Likewise, a taxable benefit does not arise where the employer pays or reimburses the expense.

Available to those who are in the UK for less than 24 months and where the UK is regarded as a “temporary workplace”.

3. Shelter offshore income

Non “domiciled” individuals can make an annual election to be taxed on the “remittance” basis. This is so that certain offshore income is effectively sheltered from UK tax and will not be taxed unless the income is remitted to the UK.

4. Short-term assignments

Those from a country that has a double tax treaty agreement with the UK can make a claim for complete exemption from UK tax. This is provided that the relevant treaty conditions are met, which includes not being in the UK for more than 183 days and ensuring costs of the employment are borne outside of the UK.

5. Foreign taxes

A credit may be available in the UK for foreign taxes paid overseas where the income has also been taxed in the UK but the income was earned overseas.

6. Foreign pensions

Relief can be claimed for employee and employer contributions made to certain foreign pension plans. Without relief, employer contributions may be treated as a taxable benefit. However, relief is limited to the same pension contribution limits as a UK approved pension scheme.

7. Home leave

Relief can be claimed for travel costs of visiting home while on the UK assignment. There is no limit to the number of trips that the employee can make per year. Relief for two trips per year is also available for the taxpayer's family. Relief is available for up to five years.

8. Relocation

Relief for up to £8,000 of qualifying relocation expenses paid or reimbursed by an employer for relocating to the UK can be claimed. Relief is also available for the move when leaving the UK.

9. Tax free allowances

Depending on the level of UK and foreign income, an annual tax free personal allowance of £10,600 (2015/2016) may be available to reduce UK taxable income. An annual exemption of £11,100 (2015/2016) may also be available to reduce taxable capital gains.

10. Charitable donations, etc.

There are a variety of non-specific reliefs available for expats including charitable donations, professional subscriptions, business mileage and certain investments in companies and shares.

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In an increasingly globalised world, business and individuals face a wide range of tax challenges and opportunities every day. Blick Rothenberg produce a variety of thought leadership and other materials to help keep you informed of the tax issues that affect you.

Blick Rothenberg is a leading accountancy firm and supports over 800 international businesses. Our specialist Expatriate Tax Services team has considerable experience in helping organisations and individuals who work across international borders with tax and payroll compliance, tax planning and related policy issues.

Blick Rothenberg was named winner of the Best International and Expatriate Tax Team at the Taxation Awards 2015. Recognised as a mark of excellence within the sector, the awards were judged by a panel of leading professionals and officers of major tax institutions.

We have also been highly commended by the Chartered Institute of Payroll Professionals (CIPP) as being a leading firm in the provision of international payroll services.

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