



UK Arrival Tax Briefing

2022



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Note: This guide is not intended to be comprehensive tax advice or replace the advice of a tax advisor. The information contained in this document should be viewed as general only and should not be relied upon for important transactions without first taking professional advice.

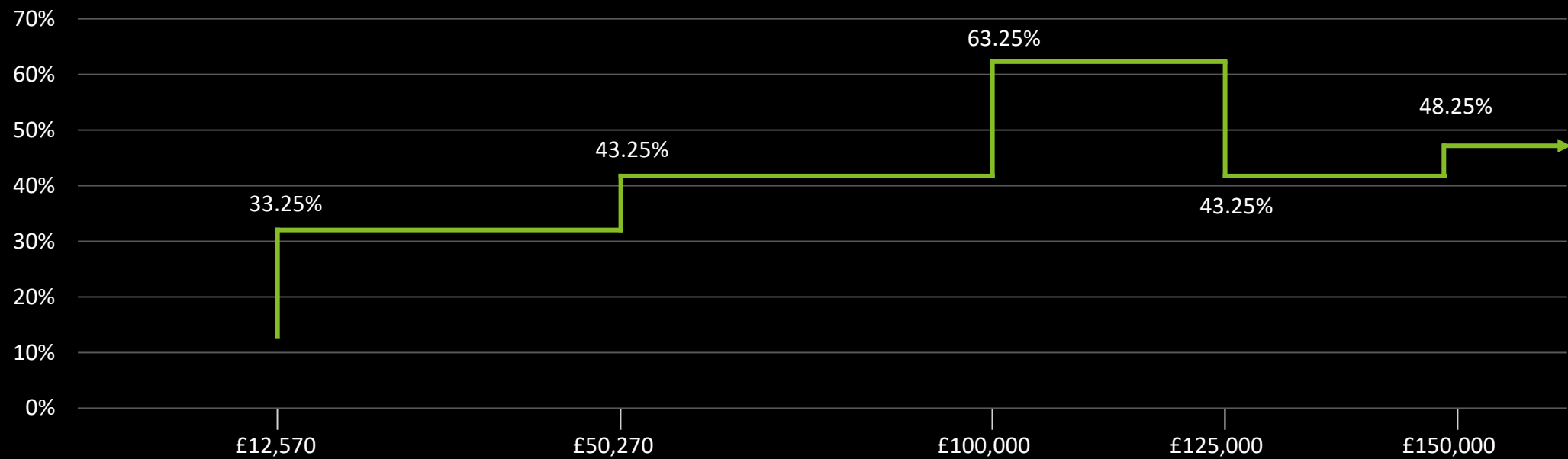
2022/23 UK (Non-Scottish) Tax Rates

Taxable income*	Employment income	Savings income**	Dividends***	Capital Gains ****
£0 to £37,700 (basic rate)	20% (+13.25% NIC)	20%	8.75%	10% (18% on residential property)
£37,701 to £150,000 (higher rate)	40% (+3.25% NIC)	40%	33.75%	20% (28% on residential property)
Over £150,000 (additional rate)	45% (+3.25% NIC)	45%	39.35%	20% (28% on residential property)

Employment income includes amounts such as basic salary, cash allowances, bonus payments (e.g. sign-on bonus), RSUs (at vest), and medical benefit.

- *Personal Allowance – £12,570
- **Savings Allowance – £1,000/£500
- ***Dividend Allowance – £2,000
- ****Capital Gains Allowance – £12,300

Marginal combined tax and NIC rates on employment income:



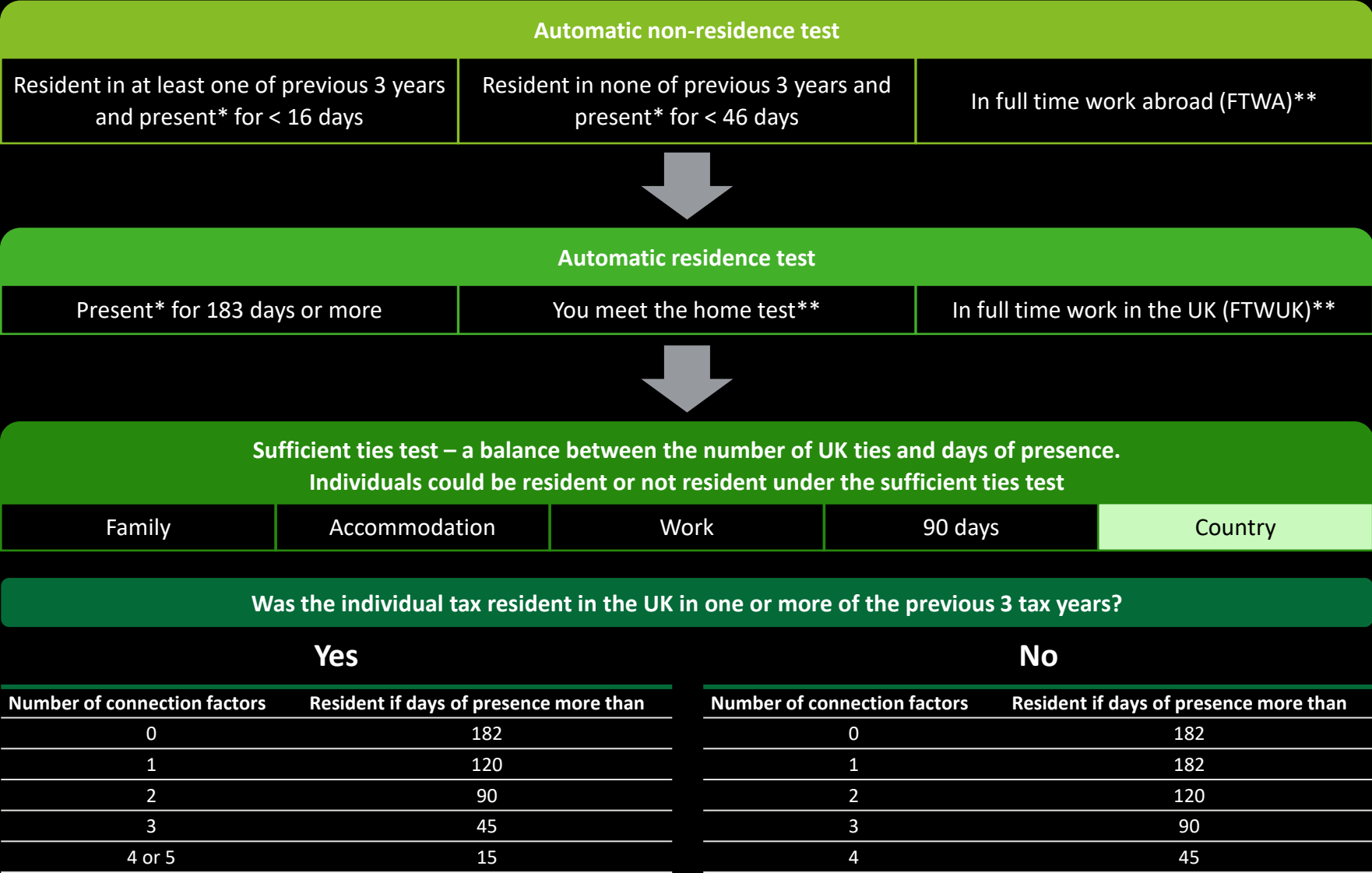
Personal Allowance

The personal allowance is an amount (£12,570 in 2022/23) that certain individuals may deduct from their income in working out the amount subject to income tax. It is generally available to UK tax Residents and EEA nationals (although it is usually given up where the remittance basis is claimed – see slide 8 for further information).

The personal allowance is phased out where your net adjusted income is more than £100,000. The allowance is reduced by £1 for every £2 of income above the threshold, with complete phase out occurring when income reaches £125,140 (for 2022/23).



UK Tax Residence



UK tax residence is determined under the UK Statutory Residence Test.

Your tax residence status will affect the extent to which your income is taxable in the UK.

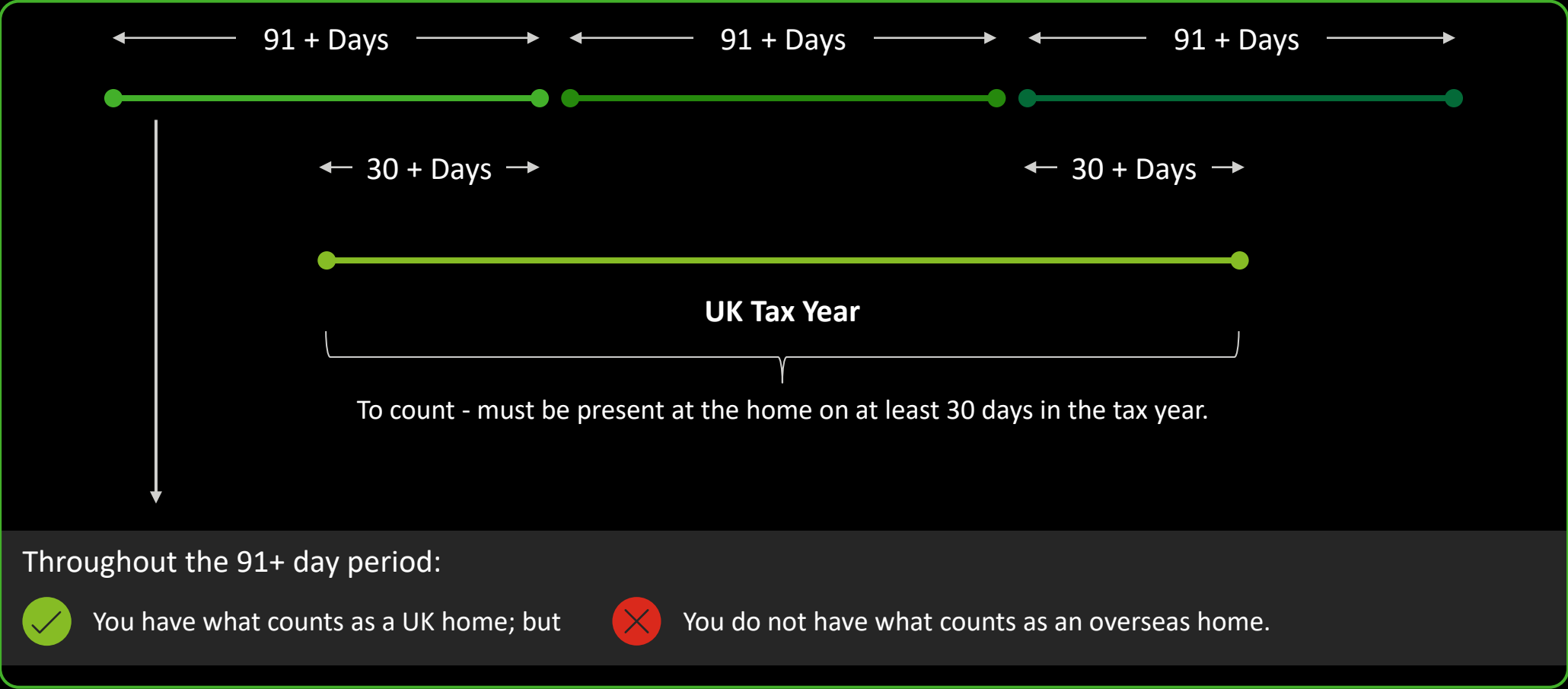
*You are considered present in the UK for the purposes of these tests if you are in the UK at the end of the day.

**As defined by the UK Statutory Residence Test.

If you are considered tax resident in the UK for your year of arrival, you may qualify for 'split year treatment' where certain conditions are met.

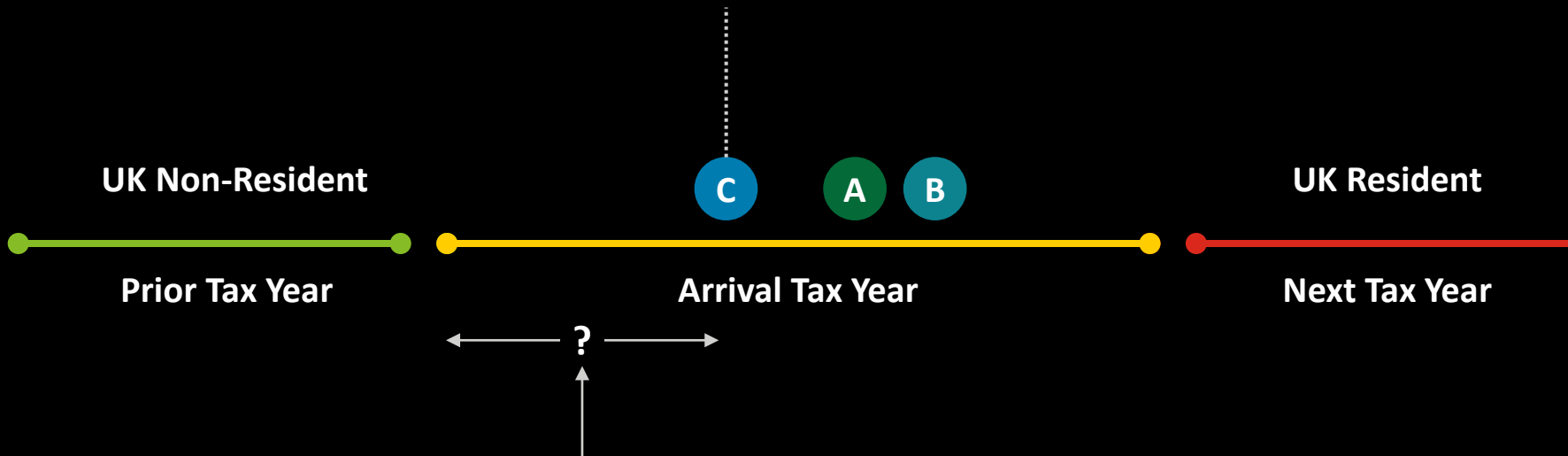


Home Test



UK Split Year For Tax Residence – First arrival into the UK

- A** Date first started to have a home in the UK; or
 - B** Date first started to have a home **only** in the UK (i.e. gave up foreign home); or
 - C** First UK workday from which working full-time in the UK
- } Earliest of these

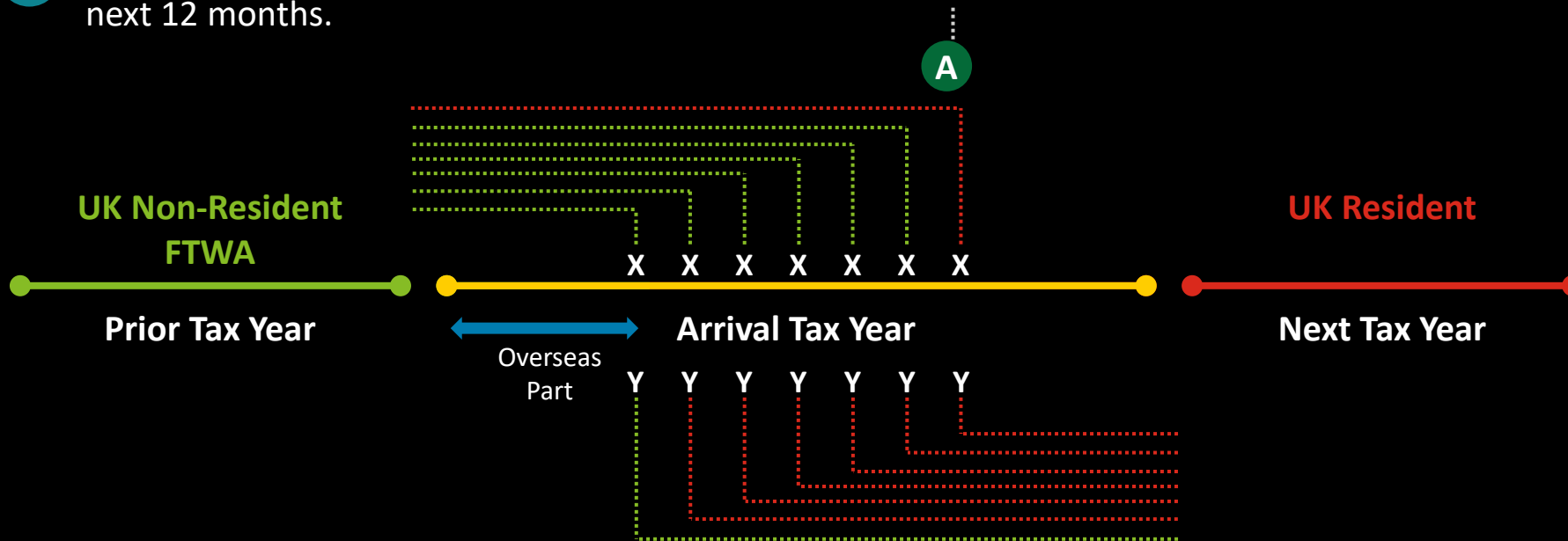


1. Which UK ties apply in this period?
2. Based on the number of ties, are you within the permitted number of UK days (midnights) in that period?

UK Split Year – Cease Full-Time Work Abroad

(Returning to the UK following a period of full time work abroad – as defined by the Statutory Residence Test)

- A** Your latest overseas workday up to which you meet the pro-rata full-time work abroad conditions (and UK day/ workday limits) from 6 April; or
- B** The earliest UK workday from which you meet the full-time work in the UK conditions for the next 12 months.



- X These are the overseas workdays
- Y These are the UK workdays

UK Taxation of Income and Gains

UK tax residents are normally taxed on their worldwide income, including foreign income and gains. But if you are domiciled outside the UK, you may elect for your foreign income and gains to be taxed only to the extent that they are remitted to the UK (this is known as the remittance basis of taxation).

Domicile

Domicile is a concept of UK law and is essentially where you have your long-term permanent home. It is distinct from nationality, citizenship and residence. A domicile of origin is typically acquired at birth and will normally follow your father's domicile at that time. While you may be resident in more than one country at any time, under UK law you cannot be domiciled in more than one territory at the same time.

Remittance Basis - considerations

If you claim the remittance basis and your unremitted foreign income and gains for the tax year (or the UK part of the tax year, if the year is split) are more than £2,000 you will not be entitled to any capital gains tax annual exemption or a personal allowance for income tax.

If your unremitted foreign income and gains are less than £2,000, the remittance basis can apply without any loss of personal allowance or capital gains tax annual exemption.

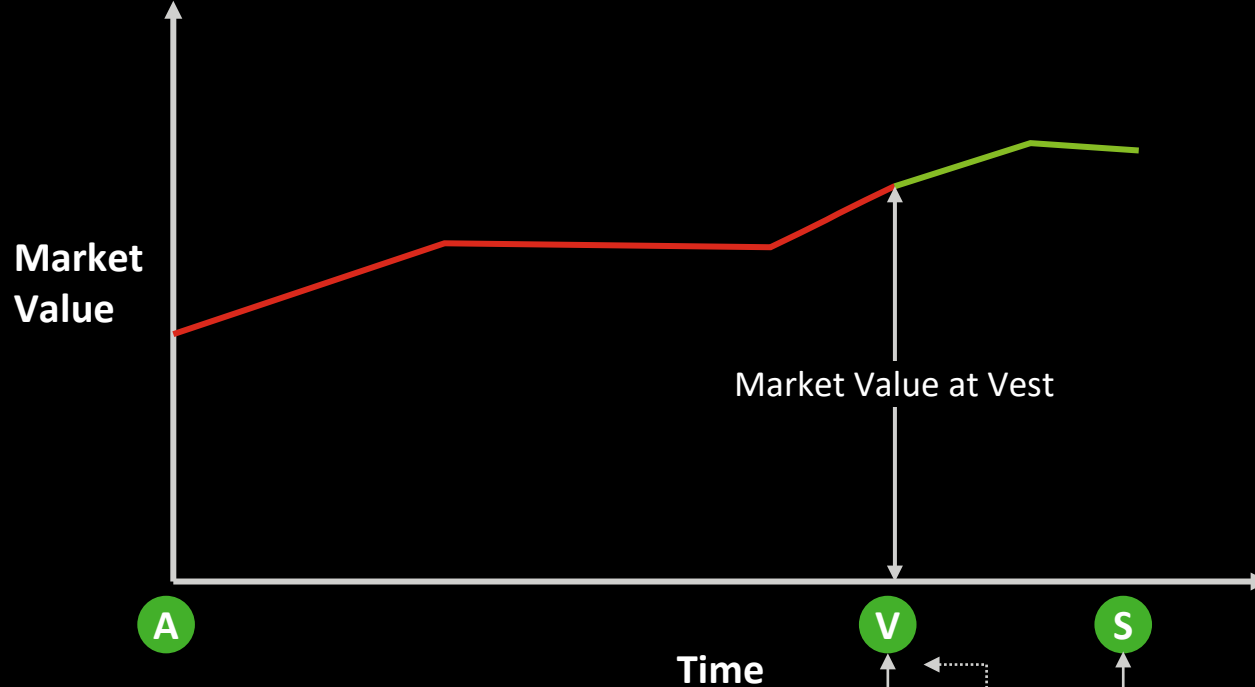
Consideration should be made to what constitutes a remittance and the rules where a remittance comprises income and gains of more than one type.

If you think the remittance basis may apply for you, separate tax advice should be sought.

RSU UK Taxation: Domestic

(UK tax resident throughout the award to vest period)

RSU (Restricted Share Unit) = a contingent right to receive shares in the future



Award: employee given contingent right to future shares, subject to vesting period(s) & conditions;

Vest: shares have been earned-employee becomes entitled to the shares

Sale: sale of shares acquired.

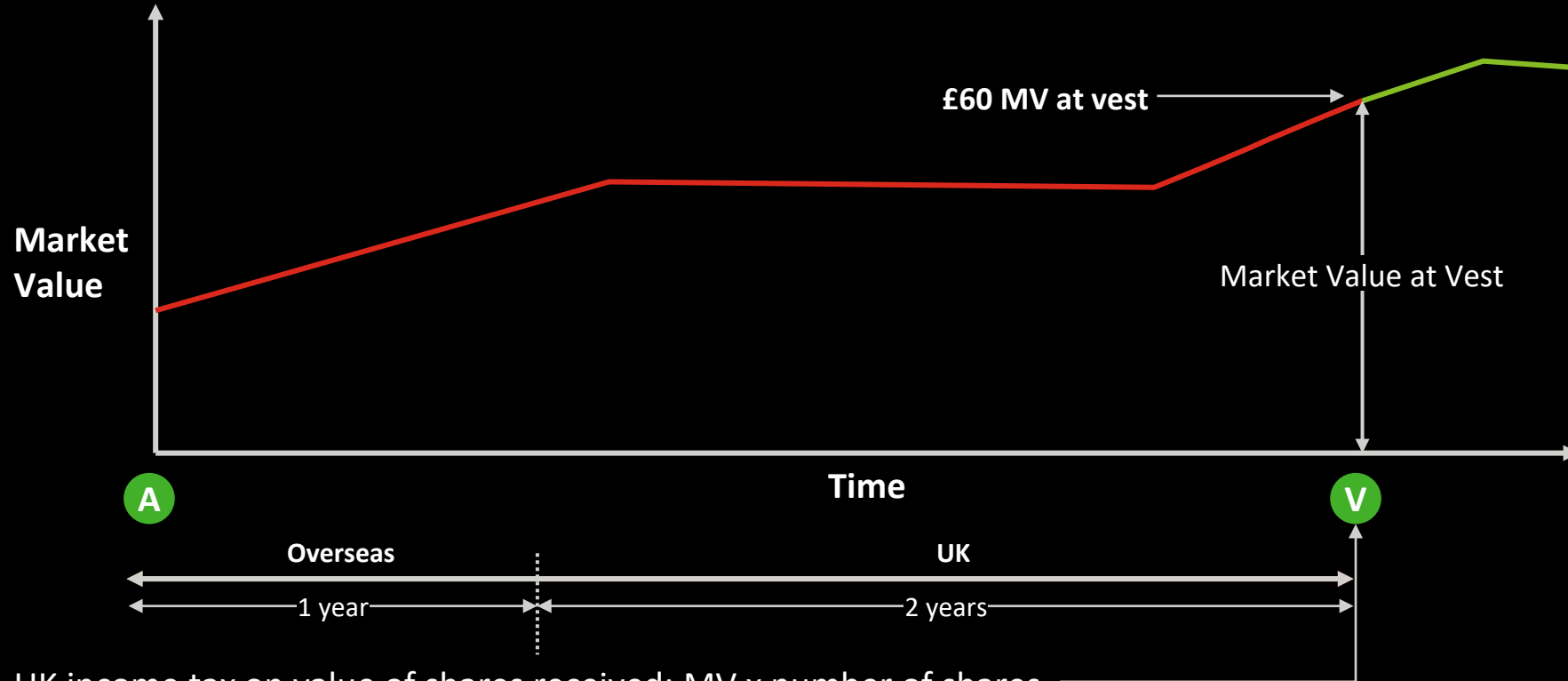
UK income tax on value of shares received: $MV \times \text{number of shares}$

UK capital gains tax on sale based on share matching/UK base cost (further advice should be sought)

RSU UK Taxation: International

(UK tax resident for part of the award to vest period)

Subject to UK income tax to the extent resident in the UK over the 'earnings' period from Award to Vest



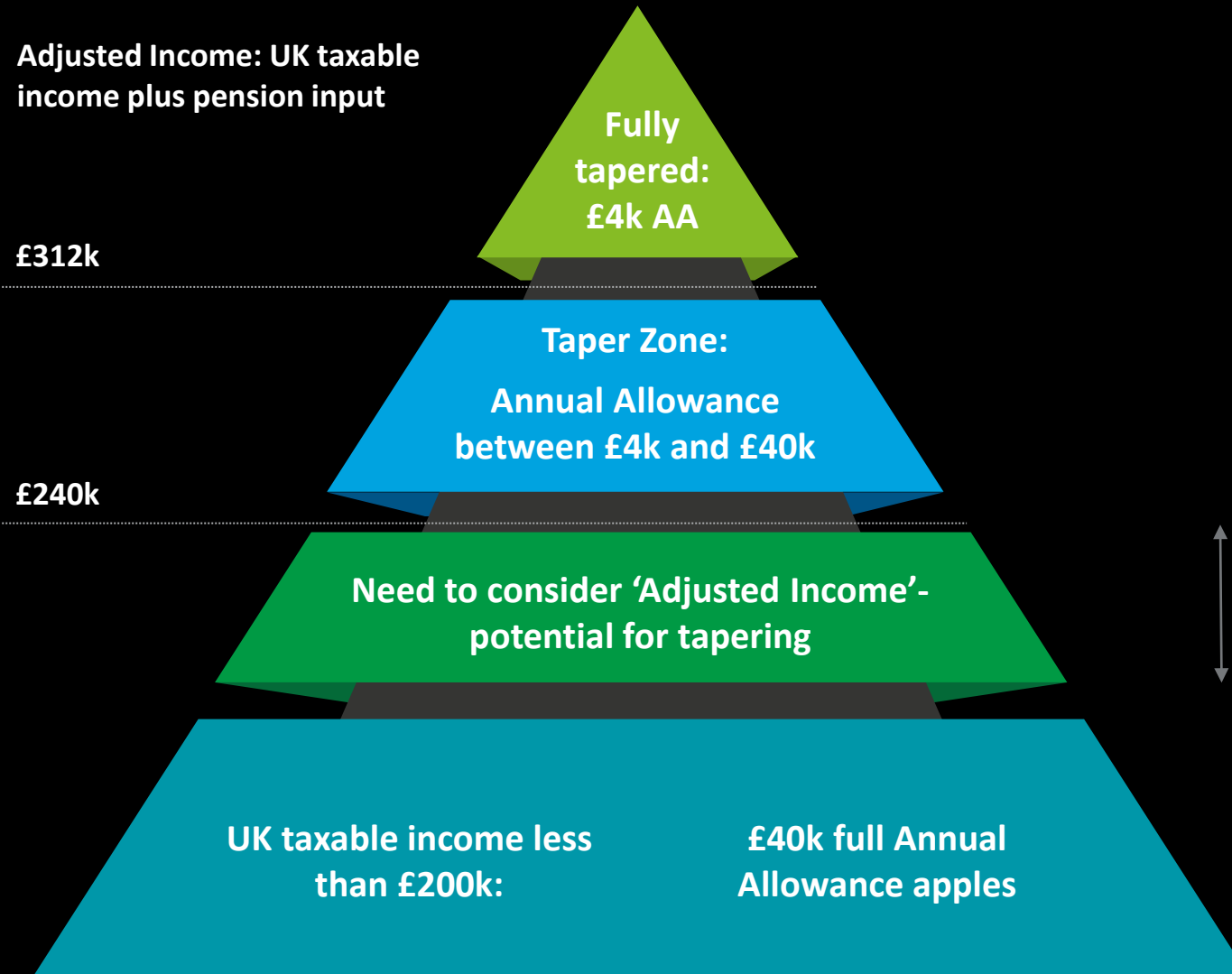
UK income tax on value of shares received: $MV \times \text{number of shares}$

UK tax due to extent taxable in the UK over the period from Award to Vest of the RSU

E.g. $\text{£}60 \times 2/3 \text{ years} = \text{£}40$ taxable in the UK

UK capital gains tax on sale based on share matching/UK base cost (further advice should be sought)

Workplace Pension



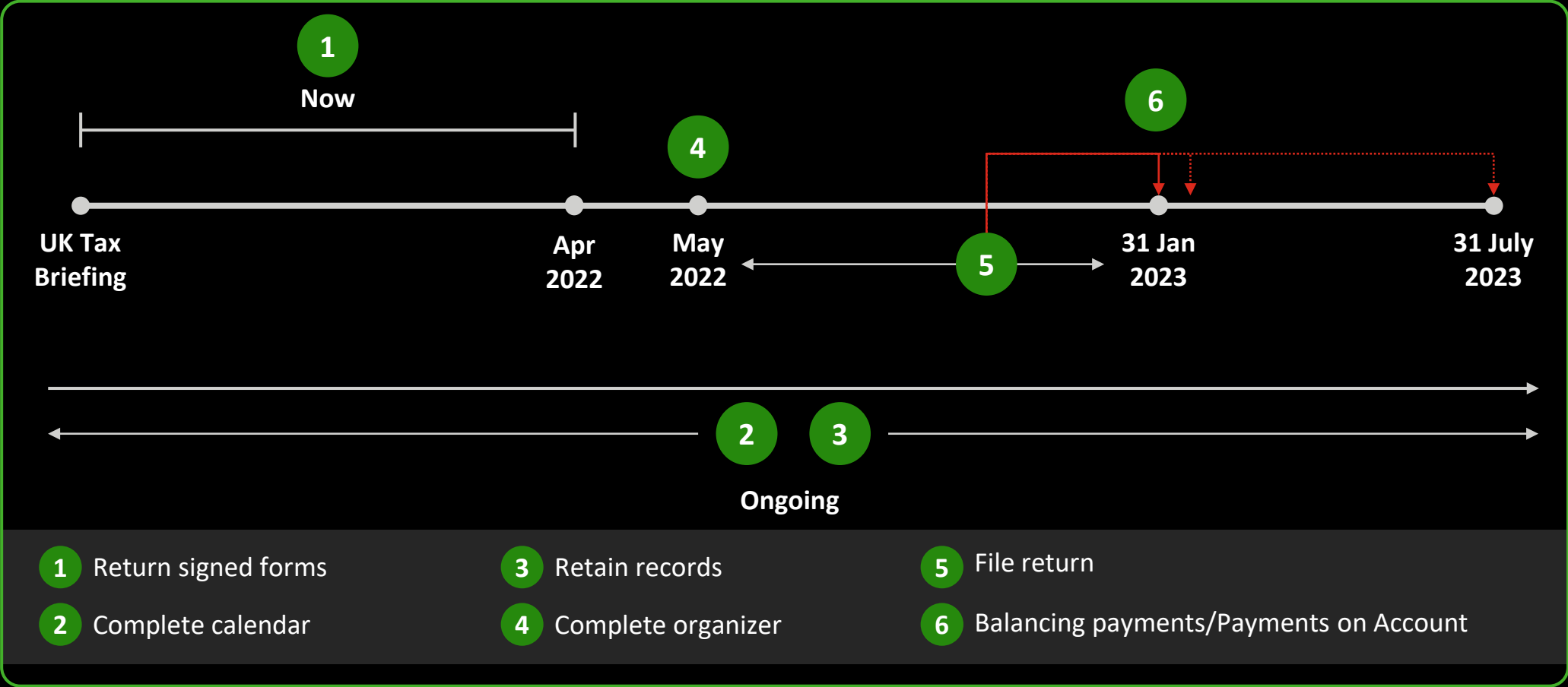
All UK employers must offer a workplace pension scheme. Your employer must automatically enrol you into a pension scheme and make contributions to your pension if you're eligible for automatic enrolment. A percentage of your pay is also put into the pension scheme automatically every payday.

Where contributing to a UK workplace pension, your contributions may be deductible against UK income tax.

The UK does not impose any limit on the level of contributions that employers and employees may make to the retirement plans, but it does limit the amount eligible for tax relief by an annual allowance (AA). This is normally set at £40,000, but is phased down for individuals whose income including the pension savings, exceeds £240,000.

↑ Addition of pension input may mean a taxpayer is subject to tapering even if the level of UK taxable income is below £240k. ↓

Compliance Actions, Tax Return & Payment Timeline: 2021/22 Tax Return Example





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