

# UK tax filing requirements for non-UK residents

## Am I liable to tax in the UK as a non-UK resident?

Non-UK tax residents are liable to UK income tax on any income derived from the UK. Any income derived from outside the UK is outside the scope of UK income tax.

Non-UK tax residents are also liable to UK capital gains tax on the sale of some assets, including UK residential property.

## Am I considered a non-resident if I am living outside of the UK?

Individuals are considered non-UK tax resident if they meet certain tests under the Statutory Residence Test (SRT).

The SRT contains various tests and takes into account a taxpayer's individual ties to the UK, as well as the number of days they spend in the UK both working and not working to determine residency.

There are certain day limits individuals are allowed to spend in the UK before they are considered UK tax resident. Advice should be taken if you intend to spend a substantial amount of time in the UK to avoid being considered resident in the UK for tax purposes.

## Do I need to file a UK tax Return if I am resident outside of the UK?

There are a number of reasons why you may have to complete a tax return although you are residing outside the UK. For example, if you:

- become a company director to a UK company and receive remuneration for your duties;
- start to get income from land and property in the UK;
- sell property or other assets liable to UK capital gains tax.

If you have been issued a tax return by HMRC and you have UK sources of taxable income or chargeable capital gains, you must complete it and provide details.

If you need to file a tax return to report taxable income or gains, but have not received one, you should tell HMRC by no later than 5 October following the end of the tax year.

## I own a UK property which is rented out, do I need to file a UK tax return?

Any property income generated from a property situated in the UK is considered UK taxable income. By default, the tenant or letting agent is responsible for deducting the appropriate taxes at source and paying over any amounts to HMRC. The landlord must then prepare a UK Self-Assessment tax return to reconcile their tax position each tax year.

The landlord can request for the rent to be paid without the deduction of tax by making a Non-Resident Landlord (NRL1) application to HMRC, however this does not eliminate the landlord's filing requirement. The landlord should file a tax return to report any income/expenses incurred for the tax year, even if the property is in an overall loss position.

HMRC has recently announced an opportunity known as the Let Property Campaign for individuals with unreported rental income in the UK to regulate their tax affairs and take advantage of the best possible terms.

## I have spent time working in the UK but paid overseas, are there any UK tax consequences?

Any time spent working in the UK is considered UK sourced income. Several factors need to be looked at to determine if any amount is taxable. A workday for this purpose is a day where you work for three hours or more.

## When is my UK tax return due?

The deadline to file your UK tax return is 31 October following the end of the tax year (6 April – 5 April), or 31 January if you are filing electronically.

For the 2018/19 UK tax year, the filing deadline is 31 October 2019 for paper filed returns or 31 January 2020 for electronically filed returns.

## What are the penalties if I fail to file a return?

Penalties may be levied if you file your tax return after the due date.

- Day one: initial late filing penalty of £100, even if you have no tax to pay or you have already paid all the tax you owe.
- Three months late: an automatic daily penalty of £10 per day, up to a maximum of £900.
- Six months late: imposition of further penalties, which are the greater of 5% of tax due or £300.
- Twelve months late: further penalties, which are the greater of 5% of tax due or £300. In serious cases you face a higher penalty of up to 100% of the tax due.

Further penalties and interest will also apply for the late payment of tax.

To learn more about the Let Property Campaign or to discuss your personal tax filing requirements, please contact one of the below specialists:

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