

Hasta la Vista Mr Taxman? It's not always quite that simple



You've worked hard all of your life, perhaps sold the business, packed up and moved to Spain. So what might the tax problem be?

You've found a beautiful villa, opened a Spanish bank account, found local schools and cancelled the newspapers in the UK. Now you settle down to a life of sun and sangria. Hasta la vista Mr Tax Inspector?

Having paid tax all the time I lived and worked in the UK, surely they can't ask for any more?

Yes they can. Did you tell the taxman you were going? If you didn't, the taxman will believe you are still in the UK and he will require you to complete a tax return if one was issued.

You will need to continue to complete a UK Tax Return for at least the tax year of your departure even though you have actually moved to Spain. You may still have a UK tax liability based on your income and gains before you left.

Why might they still be after more tax?

The possibilities may include any of the following:

- If you rent out your former home or any other property in the UK, have you registered with HMRC under the Non-resident Landlord Scheme?
- If after 18 months you sell your former home in the UK, it is no longer exempt from capital gains tax so has this gain been reported to HM Revenue & Customs?
- If you return to the UK within five years, any capital gains in the period before return can be taxable.

Does anyone paying tax in Spain have to pay tax in the UK as well?

Potentially yes.

Something that is taxable in the UK is likely to be taxable in Spain as well. Property is the simplest example to illustrate the point.

The former family home is now receiving rents; so firstly these rents are taxable in the UK on the basis of situs (the bricks and mortar are in the UK so it's taxed in the UK). Secondly, you are resident in Spain so the rents are taxable in Spain as well on the basis of your residency.

However, there is some relief for the amount of tax already paid in the UK.

Are there other things you may need to know?

The UK tax year runs from 6 April to 5 April. Most other countries adopt a calendar year tax year. This makes dealing with two tax authorities complicated and inadvertently you may get it wrong.

How can Haines Watts help?

This is only a general guide. We recommend that you seek professional advice before taking further action.

So whilst you may say "Hasta la Vista Mr Taxman", be careful as Mr Taxman is likely to retort "You'll be back!"

To find out how Haines Watts can help, call Paul Malin on + 44 (0)7919 375 650 or email pmalin@hwca.com anytime