

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 abroad. So what might the tax problems be?

You've found a beautiful villa, opened a bank account, found local schools and cancelled the newspapers in the UK. Now you settle down to a life of sun and sangria. Whilst Spain is a popular destination, the problems are not unique to Spain. . Hasta la vista Mr Tax Inspector?

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

Yes, they can. Did you tell the taxman you were leaving the UK? If you didn't, HM Revenue & Customs (HMRC) will consider you to be still taxable in the UK and taxable on your worldwide income and gains. And don't forget the Spanish tax authorities as well.

You may be challenged by HMRC for more UK tax

There are many reasons why HMRC may want to investigate your UK financial affairs. For example, if you still owned a UK property when you left the UK and:

- It was rented out, did you register with HMRC under the Non-resident Landlord Scheme?
- It was subsequently sold and at a profit, it is no longer exempt from capital gains tax so did you report the gain and pay the tax to HMRC?

Whether you should have paid UK tax or not depends upon your residency and domicile for UK tax purposes. Residency in this scenario does not mean where you live or work but what connections you have retained with the UK.

Such connections with the UK can include:

- A UK family tie; or
- A UK accommodation tie; or
- A UK work tie.

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

Potentially yes.

Something that is taxable in the UK can be taxable in another jurisdiction as well and vice versa.

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 have got 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