

Moving to the UK: Tax and Succession Matters to Consider

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By **Paul Webb**, 24th May 2021

The UK has for many centuries been a popular hub. As we start to come out of the pandemic, people will start moving again.

This Article briefly reviews key current lifestyle reasons why people seek to move to the UK. It is by no means an exhaustive analysis.

When any move of residence to a new jurisdiction takes place, a thorough review of how a family's wealth is held, needs to be undertaken. In order to avoid costly errors, this should happen before the move has occurred.

- If you are moving to the UK, Dixcart can help ensure that the actions you take are as tax efficient as possible and meet family objectives, taking into account the location of assets and of family members.

Dixcart can also be of assistance, with pre-exit planning, should you be considering a move from the UK to another country

Key Lifestyle Considerations – Why People Move to the UK

- A multi-cultural environment that has welcomed diversity for many decades and encouraged and incentivised the 'entrepreneur spirit'. Innovation is applauded and rewarded.

- The UK is ranked by the world bank as being the 8th easiest place to do business out of the 190 countries assessed.

- An education system whose quality is recognised throughout the world, both at school and university level.

- A robust and durable legal system used as the template in an extensive number of countries across the world.

- The opportunities that Brexit has created.

- Pound sterling is one of the strongest currencies in the world, and the UK is the 5th largest economy in the world and the second largest in Europe.

- An attractive regime whereby individuals who become UK tax resident can benefit from the Foreign Income and Gains (FIG) regime for their first four years of UK tax residence. Under this regime, they are taxed in the UK on UK source income and gains, but their foreign income and gains are exempt from UK tax provided they arise within this initial four-year period of residence.

- A number of appealing visa options to enable a move to the UK to take place.

- Home of cream teas, a ground breaking fashion industry, football, fish and chips and Harry Potter with a depth of history, variety and quality of the arts.

Matters to Consider Prior to Moving

As indicated above, it is important that families evaluate their tax and succession arrangements well ahead of any move, a practical list of some of the factors that should be taken into consideration is detailed below:

Practical matters:

- Travel documents (visas)
- Formal enrolment in country/jurisdiction of 'arrival', including communication with tax authorities, healthcare and schooling.

Taxation matters:

- Confirm the arrangements that affect heirs and family in other countries.
- Plan for the optimal timing of loss of tax residence, and any exit charges.
- Consider any action that needs to be taken to ensure assets are held in the optimal way, prior to moving. Leaving this until after arrival can result in unexpected and large tax bills that could have been avoided.
- Plan the timing of disposals and acquisitions to ensure the best possible tax outcome.
- Consider establishing new banking arrangements to segregate income and gains.

Succession and inheritance:

- Confirm which laws govern succession and if a choice of different jurisdiction law is available.
- Confirm whether marital/family laws are affected and whether a choice of different jurisdiction law is available.
- Review estate planning documents (wills, succession, and prenuptial documents), and consider the interaction of wills, appropriate for different jurisdictions.
- Consider the use of trusts for estate planning, not forgetting that the timing of the settlement of trusts could be key to the taxation outcome.

Implications of transferring physical wealth:

- Family heirlooms, jewellery, works of art, aircraft, cars and yachts: can they be transferred, are import duties applicable?

Gifts and Donations:

- Confirm whether gifts or donations should be executed in advance of acquiring the new residency.

Ongoing Matters to be Reviewed at Least Annually

There are a series of important reviews, that should be taken at least annually to take into account both changes in personal circumstances and the law:

- Review of estate planning documents. These include wills, succession and prenuptial documents.
- Review of trusts arrangements, structures, and bank accounts.
- Review of any changes to tax laws and the implications in relation to existing agreements and structures.

How can Dixcart Help?

Dixcart can assist with:

- Pre arrival and departure tax planning.
- Advice and assistance with Visas for residence in the UK.

- Accounting, legal and taxation advice, as well as compliance regarding setting up businesses in the UK or in any of the jurisdictions in which Dixcart has an office.

Additional Information

If you would like to discuss how you should plan ahead, for a potential move of location and/or to ensure that your existing structuring meets your current circumstances, please contact the Dixcart office in the UK: advice.uk@dixcart.com.