



Becoming “Non-Resident” for UK Nationals

Just because you leave the UK, you will still have to take overt steps in order to establish your new status as *non-resident*. Otherwise, you will continue to be treated as if you had never left. This means that if you are *PAYE* (tax withheld at source and not required to file a *Self Assessment*), tax will continue to be withheld at source in the UK. Such taxation is not eligible for international tax credits since you are still seen as UK resident for tax purposes. While you may feel morally assuaged by paying UK tax, the Portuguese authorities will still consider you a tax cheat if you do fail report income in Portugal that, by treaty, is exclusively taxable in Portugal.

If you claim that you are no longer resident and ordinarily resident in the UK, you may be asked to give some evidence that you have left the UK permanently, or to live outside the UK for three years or more. This evidence might be, for example, that you have taken steps to acquire accommodation abroad to live in as a permanent home. If you continue to have property in the UK for your personal use, the reason should be consistent with your stated aim of living abroad permanently. You will be treated as not resident and not ordinarily resident from the day after the date of your departure providing:

- your absence from the UK has covered at least a whole tax year,
and
- your visits to the UK since leaving
 - have totalled less than 183 days in any tax year, and
 - have averaged less than 91 days a tax year.



(The average is taken over the period of absence up to a maximum of four years. Any days spent in the UK because of exceptional circumstances beyond your control, for example the illness of yourself or a member of your immediate family, are not normally counted for this purpose).

Tax Forms

Certain tax forms are associated with non-residence. Those leaving the UK and claiming to be no longer resident in the UK should complete form *P85*, giving details of the proposed stay abroad (or *P85(S)* on completion of a work assignment). In addition, the self-assessment tax return has a supplementary non-residence page for completion by individuals claiming to be not resident, not ordinarily resident or not domiciled in the UK, and also requests information for double taxation relief purposes (e.g. in connection with claims to be dual resident in the UK and elsewhere).

Split Tax Year

If you leave the UK during a tax year and are treated as resident here up to and including the date of your departure, you will not pay tax on earnings for the part of the year after you depart, where these are from an employment carried on wholly in the UK. In the case of earned income other than earnings from employment, the rules are the same as those for unearned income. You will only be charged tax on overseas income you receive through a **paying or collecting agent** up to and including the date of your departure. However, if you wish to receive overseas income without deduction of tax from a paying or collecting agent after you have ceased to be resident here, you will need to complete a declaration and give it to the paying or collecting agent. You should make the declaration on form *PA1* (in the case of a paying agent) or form *CA1* (in the case of a collecting agent). The forms are available from paying and collecting agents.



Income Still Arising in the UK

Rental Income - Any profits you make from letting property situated in the UK are taxable in the UK, even if you cease to be resident in the UK.

Securities - UK tax is not chargeable on interest arising on **UK Government 'FOTRA' securities**, if you are not ordinarily resident in the UK. 'FOTRA' stands for 'Free of Tax to Residents Abroad'. Where you become or cease to be ordinarily resident in the UK part way through the tax year, no tax will normally be charged on interest payable while you are not ordinarily resident - that is, before the date you arrive here or after the date you leave. UK tax is, however, charged if the interest forms part of the profits of a trade or business carried on in the UK.

Interest - Building societies, banks and other deposit takers in the UK normally deduct UK tax from interest paid or credited to your account. But if you are not ordinarily resident in the UK, interest should be paid gross and reported by the financial institution in the information sharing provisions of the EU Savings Directive to the tax authorities of your Country of Residence. You can arrange this by completing a 'not ordinarily resident' declaration through your bank or building society. For further details, consult IR20 "*Residents and Non-Residents*" at:

<http://www.inlandrevenue.gov.uk/pdfs/ir20.pdf>