



THE FRY  
GROUP  
ESTD 1898

Your guide to  
planning a return  
to the UK





## 01 An introduction to this guide

### Changes in your personal life or career may prompt a move back to the UK after time overseas.

Before a move becomes a reality, it's sensible to try to stay a step ahead and understand the key financial considerations which may affect you. It's easy to overlook financial planning in the midst of dealing with the practical and logistical elements of a move, so it makes sense to act early and plan accordingly.

Notably moving to the UK can expose you to a significant amount of tax, so it's vital to take steps to protect yourself. For example, if you are spending ad hoc periods of time in the UK to transition into a new job you may unknowingly qualify for UK residency before you actually move. In addition, moving partway through the financial year may impact on the tax charged on any investments you hold and plan to sell at a later date.

In short it is beneficial, both personally and financially, to plan ahead. A good financial adviser and tax specialist will be invaluable to help you navigate some of the potentially tricky tax matters. The right advice will also ensure you are in the best possible position for moving back to the UK, safe in the knowledge that your financial affairs are in order.

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#### KEY INFORMATION



Understanding the date you become UK resident is even more important following recent tax changes. This date may be different to your actual date of moving so it's important to be aware of the consequences.

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## 02 Getting started

**In general there are some useful financial considerations to bear in mind when you start to plan a move:**

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If possible, review your situation in the tax year prior to leaving and take some actions at that time, whilst there are more tax planning opportunities open to you.

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Make sure you are up to date with your filing obligations with HMRC.

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Review all your financial interests including property, bank accounts, life assurances, pensions and investments.

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Identify the tax characteristics of each asset determining which should be kept, and which should be sold for maximum tax efficiency.

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Recently HMRC has become strict on its definition of what qualifies as resident and non-resident. The Statutory Residence Test lays out the qualifications. Be sure to check on the HMRC website and maintain a record of your time in the UK in the tax year prior and for ideally five years before that.

### KEY INFORMATION

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The Statutory Residence Test is a complex test. You can be classed as a UK resident with as few as 16 days in the UK.

You can be non-resident with as many as 182 days in the UK.

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### CONTACT US

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*The Fry Group has been helping British expatriates with all aspects of tax planning for over 120 years.*

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## 03 Making the most of your financial position

One important area to focus on is your total wealth, and how it can and should be structured. The most notable points to consider are:

Your property assets, both in the UK and overseas, as Capital Gains Tax complications can arise, for which specialist advice is usually needed.

The choice of vehicle through which you invest; particular tax efficiencies can arise dependent on which you use.

Offshore investment bonds, foreign pension schemes, certain UK vehicles and trusts can all play an important part in delivering a higher net return after tax.

If you or your spouse are not British, there are particular tax planning considerations you can take into account through the use of offshore assets and holding structures.

*Typically, a more diversified portfolio will give you greater tax breaks. ISAs, Income Tax allowances and Capital Gains Tax (CGT) allowances can all be used to minimise your annual tax bill.*





## 04 A question of tax

As well as Income Tax it's also useful to be aware of some of the other tax charges which could impact you as you plan a return home:

### **CAPITAL GAINS TAX**

Capital Gains Tax (CGT) is charged when you sell or gift an asset. Annual exemptions are available, but generally CGT is calculated based on the tax year and your total income. If you have assets (perhaps a home or investments) which you have established whilst overseas it may be useful to dispose of them whilst you are still non-resident to avoid CGT. The length of time you have spent abroad may also impact your exposure to CGT.

### **INHERITANCE TAX**

Inheritance Tax (IHT) is charged regardless of where you live, so long as you are domiciled in the UK. Domicile generally links to the country in which you were born so even if you have lived overseas for many years you may well retain a UK domicile. It's useful to be aware of some of the IHT allowances, such as gifting, to help reduce IHT. For example, if you have disposable income you may wish to take advantage of the annual exemptions and gifts which are available each year. Our Guide to Inheritance Tax offers more detailed information in this area.

### **NATIONAL INSURANCE**

Making National Insurance contributions means that you can access a range of UK benefits, including the state pension. If you haven't kept up with contributions on a voluntary basis whilst overseas you may need to check your status and catch up on missed payments. A simple online check is useful to help you determine any action needed.



## 05 Other considerations

### EDUCATION

If you have children of school age it will be vital to consider what options are available to you. Good schools can be over-subscribed, and you may feel it is useful to thoroughly investigate and visit your options to determine the best place to educate your child. It is worth noting that children must be physically in the UK to enroll for a school place.

### BANKING

If you have retained a UK bank account whilst overseas it will stand you in good stead, and hopefully help ensure you have a suitable credit rating. If you don't have a UK banking facility then setting up an account, ideally a year or so before your return, will help from both a logistical, and credit rating, perspective.

### PROPERTY

If you have a UK property it may be that you will already have a home to return to. Many expatriates choose to rent their UK property whilst overseas, so if this is the case you may have to speak to your tenants or letting agent to ensure suitable notice is given. If you are moving to a new area, or need to find a new home, you will need to think about whether to buy immediately or get to know the area before committing to a location. You may choose to rent over the short term whilst you carry out viewings, choose your preferred area and consider how close you need to be to local amenities.

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### KEY INFORMATION



Be aware that setting up a home in the UK can be one of the determining factors for becoming UK resident – and therefore back in the UK tax net.

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## 05 Other considerations *(Cont.)*

### **MEDICAL CARE**

The NHS provides residency based healthcare, so by returning to live in the UK you will be immediately entitled to free care. Do make sure you register with your local surgery as a matter of priority on your return, and check the NHS Choices website for the latest information about dental options too.

### **OTHER POSSESSIONS**

Choosing to bring back possessions or pets does need some logistical thought. International movers are highly skilled at what's possible in terms of furniture and personal effects and will be able to guide you through the inevitable paperwork needed to repatriate items. Specialist transportation companies can help with your pets, managing the relevant documentation and providing recommendations of specific airlines and airports which can more ably deal with any of these important members of the family.





## 06 Key questions

### ▶ **WHEN**

When is there a need for you to be back in the UK on a particular date? School calendars, work commitments or personal circumstances may impact your plans.

### ▶ **WHO**

Will my family be moving ahead of me?

### ▶ **HOW**

How do personal effects and pets need specialist transportation?

### ▶ **ACCOMMODATION**

Do you have a UK home to return to?

### ▶ **COST OF LIVING**

Will your financial circumstances enable you to maintain the same lifestyle as the one you enjoyed overseas?

### ▶ **CASH DEPOSITS**

Do you have access to a significant amount of cash for the first few weeks to cover the immediate costs of a return such as house deposits?

### ▶ **CREDIT RATING**

Do you have a good UK credit rating after a prolonged period overseas?

### ▶ **BACK FOR GOOD**

Are you returning temporarily, for a set period or for the long-term?

### **CONTACT US**

*Our teams have helped thousands of British expatriates return to the UK.*

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## 07 Planning ahead

Properly managing the financial side of your return to the UK can be sensibly achieved, particularly if you have planned at least one complete tax year ahead.

In an ideal world there will be plenty of time but circumstances may of course prompt the need to move more swiftly.

Even if you've only recently decided on a move it's useful to think about the information in this guide. The good news is that much of the planning can be done well in advance so that if notice is short, you can still be ready.





## 08 What next?

Getting the right financial planning in place will make your move to the UK a much smoother process.

With teams across the UK and overseas we can help support you before, during and after your move.

Find and contact your nearest office to book your appointment today.

Alternatively please call one of our team or email [enquiries@thefrygroup.co.uk](mailto:enquiries@thefrygroup.co.uk)

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