

This factsheet provides basic information on domicile. It aims to help low income people who would like to come to the UK, or who have already arrived, to understand more about the UK tax system. You should also read the factsheets about **Foreign income and gains** and **Residence**. These can be found at www.litr.org.uk/tax-guides/migrants-and-tax/guides-and-factsheets.

What is Domicile?

Domicile is a general legal concept, which describes the country where you consider your 'roots' are or where you have your permanent home. It is not the same as nationality or residence.

Every individual has a domicile, which they acquire at birth; it is not necessarily the country that they were born in, or are currently living in. You can only have one country of domicile at any given time. You can be domiciled in a different country to where you are tax resident.

It is important to know whether you are domiciled in the UK as it can affect your UK tax situation. It is particularly important if you have any foreign income or gains. In the UK, you normally self-assess your domicile status. If there is confusion, a court can make a formal ruling on your domicile.



Where are you domiciled?

Working out which country you are domiciled in can be complicated and there are many factors which need to be considered if you are unsure. At birth you have a domicile of origin. This is retained unless it is replaced by a domicile of dependence or a domicile of choice. You can also be deemed domiciled in the UK for tax purposes.

HM Revenue & Customs' (HMRC) booklet **RDR1 Guidance Note: Residence, Domicile and the Remittance Basis** contains useful flowcharts on domicile in section 5.24 and can be found at: www.gov.uk/government/publications/residence-domicile-and-remittance-basis-rules-uk-tax-liability

Domicile of origin

In most cases an individual acquires their father's country of domicile at birth. This is not necessarily the same as the country in which you were born. For example, if your father was domiciled in France when you were born, then you will be domiciled in France even if you were born in the UK.

If your parents were not married when you were born then you take the domicile of your mother at the time of your birth. If you are adopted then you will take the domicile of your adopted parent.

It is not easy to change your domicile of origin.

Domicile of dependence

Until you are 16, your domicile will follow that of the person on whom you are legally dependent – if that person changes their domicile (through choice) then yours will also change.

If a couple was married before 1 January 1974 then the wife would automatically take the domicile of her husband.

Domicile of choice

After you reach the age of 16 (earlier in Scotland) you may be able to acquire a new domicile, a domicile of choice.

To acquire a domicile of choice you must show that you have actively chosen to be domiciled in a different country and have broken ties with your domicile of origin or dependence to settle in your new chosen country.

It is up to you to prove that you have chosen to live in a new country on a permanent basis. You will need to provide strong evidence to support the fact that you intend to live there permanently or indefinitely.

Factors which may be considered in proving you have a new country of domicile include your intentions (for example, where you intend to retire), your will and your permanent place of residence, business, social and family commitments.

Deemed domicile for tax purposes

From April 2017, even if you are not UK domiciled, HMRC will treat you as UK domiciled (deemed domiciled) if you are resident in the UK and were born in the UK with a UK domicile of origin, or if you have been UK tax resident for at least 15 of the previous 20 tax years.

Tax if you are UK domiciled

If you are UK domiciled (or deemed UK domiciled) and UK tax resident then you will be taxed in the UK on ALL your worldwide income and gains in the tax year in which it arises (this includes employment earnings and investment income regardless of whether the income has been earned in the UK or overseas); this is called the 'arising basis'. If another country wishes to tax the same income, then usually the position is resolved under the terms of a double tax agreement and/or with a credit for foreign taxes paid.

Tax if you are non-UK domiciled

If you are not domiciled in the UK then there are different tax rules. Instead of the 'arising basis', you may pay tax on the 'remittance basis', which means that UK tax is not due on foreign income and gains that are not remitted or brought into to the UK. The remittance basis applies automatically if your unremitted foreign income and gains are below £2,000 a year. Otherwise, it may be claimed. The remittance rules are complex and are explained in further detail in the **Foreign Income and Gains** factsheet at www.litrg.org.uk/tax-guides/migrants-and-tax/guides-and-factsheets. If you need further assistance, you should seek guidance from a professional adviser or HMRC.

More information

You can find out more detail about some of the topics in this factsheet on our website:

www.litrg.org.uk/tax-guides/migrants-and-tax/residence-and-domicile

You can also find out more about domicile and tax on the GOV.UK website:

www.gov.uk/tax-foreign-income/non-domiciled-residents

Getting help with your tax

You can find out where to get help with your tax situation in the '**getting help section**' of our website at www.litrg.org.uk/getting-help.