

This factsheet provides basic information about tax for those returning overseas after a period living, working or studying in the UK. 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 **Residence**, **National Insurance** and **Short stays in the UK**. These can be found at www.litr.org.uk/tax-guides/migrants-and-tax/guides-and-factsheets.

Not resident for UK tax?

If you leave the UK to return to your home country, you may become 'not resident' in the UK meaning you will only pay UK tax on UK source income after you have left.

You do not automatically become 'not resident' when you leave the UK. Your residence status depends on various factors, including the circumstances regarding your work and home(s), how often you visit the UK after you have left, the purpose of your visits to the UK and any connections you keep in the UK.

We discuss this more in our factsheet '**Residence**' which can be found at www.litr.org.uk/tax-guides/migrants-and-tax/guides-and-factsheets.

If you do remain UK resident, you will remain taxable in the UK on your worldwide income (subject to the remittance basis). The rules are complex, and we suggest you seek guidance from HM Revenue & Customs (HMRC). There is also more information on residence on the **LITRG website** at www.litr.org.uk/tax-guides/migrants-and-tax/residence-and-domicile.

The position is also complex for capital gains tax as you may remain liable to UK capital gains tax, even if you are no longer liable to UK income tax.

We suggest that you consider HMRC's booklet '**RDR1 Guidance Note: Residence, Domicile and the Remittance Basis**' very carefully if you are leaving the UK, particularly section 4: www.gov.uk/government/publications/residence-domicile-and-remittance-basis-rules-uk-tax-liability.



Income tax when you leave the UK

You need to tell HMRC that you are leaving the UK to return overseas after a period of living and working, or studying in the UK. You can find information on how to do this on **GOV.UK**: www.gov.uk/tax-right-retain-abroad-return-to-uk.

If you came to the UK, worked and are now leaving the UK, you may find that you have paid too much tax under the Pay As You Earn (PAYE) system in the year that you leave. So you may be able to claim a repayment of tax when you leave the UK. This is because the personal allowance is usually divided throughout the year so you receive a proportion in each pay packet. If you leave the UK part-way through the tax year, you will not have received your entire tax free allowance and will have paid too much tax.

If you do not have to complete a tax return, you should complete form P85 'Leaving the UK – getting your tax right'. If you have a form P45 from your previous employer, you should send parts 2 and 3 to HMRC with form P85 so that they can work out if you are due a refund. Form P85 can be found on the **GOV.UK website**: www.gov.uk/government/publications/income-tax-leaving-the-uk-getting-your-tax-right-p85.

If appropriate, HMRC should send you any tax refund that they owe you once they have processed the form. You should be aware that HMRC will not make payments to overseas bank accounts.

Beware of various companies offering to claim back tax refunds on your behalf. Many of these companies are not reputable, or they may charge you high fees for a service that you can do for yourself.

If you are someone who has complex tax affairs and has to complete a formal tax return (if you were self-employed in the UK or if you keep any UK income and assets when you leave the UK or will remain UK tax resident, for example), then you will have to wait to file your tax return form for the year that you leave, to reconcile your tax affairs and trigger any refund that you are due.



Closing down a self assessment record if you are leaving the UK permanently or indefinitely

If you are leaving the UK and you have been completing a tax return during your time here, you should put your date of departure on the tax return so HMRC can close down your self assessment record and stop sending you tax returns to complete. If you do not do this but also do not take action to file any tax returns that HMRC ask for, you may face late filing penalties – which can be up to £1,600.

If you were completing a tax return because you were self-employed, you should also tell HMRC that you have ended your UK self-employment by showing the date that you stopped being self-employed on your final tax return.

Please note that if you will receive UK source income after you have left the UK, then you may need to keep your self assessment record open so that you can report your income (or you may have to open a self assessment record if you did not have one already). This is the case even if you have a UK personal allowance (for example, if you are an EEA citizen), meaning that there is no UK tax liability on the income.

You should seek further advice from HMRC at: www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-and-capital-gains-tax-enquiries-for-non-uk-residents.

This factsheet is intended to provide general information only and does not constitute advice. Before taking any action, you should get appropriate immigration, benefit or tax advice from a professional adviser which is based on your particular circumstances. We have done our best to ensure that the information in this factsheet is up to date as of April 2018. You can read our full disclaimer on our website: www.litr.org.uk/legal.

Savings income

If you are leaving the UK and will be not resident in the UK (and therefore taxable on UK source income only), but keeping cash in the bank in the UK, your liability to UK tax on any interest is likely to be very limited. If you do owe tax on your interest, you may have to complete self assessment tax returns.

We discuss this in our factsheet '**Income other than earnings**' which can be found at:

www.litr.org.uk/tax-guides/migrants-and-tax/guides-and-factsheets

Non-resident Landlord Scheme

If you are not resident in the UK, own a property in the UK and rent it out, you may be subject to UK tax on the rental income. We discuss this in our factsheet '**Income other than earnings**' which can be found at: <http://www.litr.org.uk/tax-guides/migrants-and-tax/guides-and-factsheets>

National Insurance contributions (NIC) when you leave the UK

Unless you are being posted overseas by a UK employer, you will not have to continue to pay NIC once you leave the UK.

If you intend to claim a UK state pension or to return to live in the UK in the future, you need to decide whether or not you want to continue to pay UK NIC while you are overseas to maintain your contributions record.

You may be able to pay voluntary NIC provided you either lived in the UK for a continuous three year period or you paid NIC for three years before you went overseas. For more information, visit the **GOV.UK website**: www.gov.uk/national-insurance-if-you-go-abroad. In particular, you may find the booklet NI38 Social Security Abroad useful: www.gov.uk/government/publications/social-security-abroad-ni38

We have more information on NIC and the state pension when you leave the UK in our factsheet '**National Insurance**' which can be found at www.litr.org.uk/tax-guides/migrants-and-tax/guides-and-factsheets

More information

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

www.litr.org.uk/tax-guides/migrants-and-tax/employment-and-self-employment/what-happens-when-i-leave-uk

www.litr.org.uk/tax-guides/employed/what-if-i-work-abroad-temporarily



This factsheet is intended to provide general information only and does not constitute advice. Before taking any action, you should get appropriate immigration, benefit or tax advice from a professional adviser, which is based on your particular circumstances. We have done our best to ensure that the information in this factsheet is up to date as of April 2018. You can read our full disclaimer on our website: www.litr.org.uk/legal.