**Residence**

UK resident + **UK domiciled**

Down arrow

Subject to tax on **WORLDWIDE** income + gains.

"Residence" based on test that look at time spent living + working in the UK. Those who fall between the 2 extremes.

"Domicile" an individual has a permanent home where they intend to stay. This is inherited unless positive action is taken to change it. You can only have 1 domicile country at any one time.

UK resident but NOT UK Domiciled

Down arrow

Taxed in Full on any UK income and gains.

If they have income and gains arising overseas:

• Taxed either on an "emerging basis."  \( \rightarrow \) UK taxed on worldwide income regardless of where they take place.

• on a "remittance" basis \( \rightarrow \) UK tax only applied to the proceeds of any worldwide I and G that are brought into the UK. They must pay a "remittance basis charge" of between £30,000 and £90,000 for each tax year.
INCOME FROM SAVINGS + INVESTMENT

1. Interest Received
2. Dividends from shares held in limited companies

**Basis of assessment**

- Gross amount received in tax year = Receipts Basis (not annual)

In most situations there are no allowable expenses to deduct.

**Exception to Tax Rates** (general = 20%, 40%, 45%)

**General Tax Rate**
- 20% Basic £0 - £32,000
- 40% Higher £32,001 - £150,000
- 45% Basic Addition £150,001 +

**Savings Tax Rate**
- 0% until £5,000
- 20% £5,000 - £32,000
- 40% £32,000 - £150,000
- 45% £150,000 +

**Dividend Tax Rate**
- 7.5% 0 - £32,000
- 32.5% £32,001 - £150,000
- 38.1% £150,001 +
USING RATES + BANDS

Taxable Income must **always** be divided/analysed into 3 categories

- General Income  
- Savings Income  
- Dividends Income

→ "Top Slice"

**EXAMPLE**  
**BASIC RATE TAXPAYER**

After personal allowance (£11000)
- General Income £4300  
- Savings Income £3600  
- Dividend Income £2000

**General Income**

£4300 x 20% (basic tax rate) = £860

**Savings Income**

- we know that the starting rate of 0% applies on ALL income up to £5000 (for basic rate taxpayers)
  - So cumulative £5000 - £4300 = £700  0% starting rate applies to
- Also have £1000 savings allowance at 0%
- Now have £3600 (savings income)  
  - £700 (0%)  
  - £1000 (0%)  
  - £1900 left to assess

£1900 x 20% = £380

Tax payable on savings income
JOB RELATED ACCOMMODATION

For property (job related) to be *EXEMPT*:
1. Employee is a representative occupier (e.g. cleaners)
2. Employee *NEEDS* accommodation (e.g. vicar)
3. Property provided for security

Annual value and £15000 rule don't apply.
*Running costs* are still assessable (heat, light)
4. Benefit restricted up to 10% of employees' earnings

**ASSETS**

Assets given to employee + market value = assessable benefit
vehicles + benefit = 20% of market value when first given

Rented / hired? Benefit is the higher of:
1. 20% of market value when first given
2. Rental or hire charge paid by the employer

Applies to each tax year used

Asset given/sold to employee permanently...
Benefit is the higher of:
1. Market value at date of transfer
2. Market value when given - benefits for use of the asset already assessed

Amount paid by employee is deducted from this.