RESIDENCE

UK resident + UK domiciled
↓
Subject to tax on WORLDWIDE income + gains.

"Residence" based on tests 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
↓
Taxed in FULL on any UK income and gains.
If they have income and gains arising overseas...
- Taxed either on an "arising basis." → UK taxed on worldwide I and G regardless of where they take place.
- On a "remittance" basis → 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 (3)

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

Basis of assessment
↳ GROSS amount received in tax year.
= Receipts Basis (not accrual).

In most situations there are no allowable expenses to deduct.

EXCEPTION TO TAX RATES (general → 20, 40, 45%)

General Tax Rate
20% Basic 0 - £32000
40% Higher £32001 - £150000
45% Basic Additional £150000 +

Savings Tax Rate
0% until £5000
20% £5000 - £32000
40% £32000 - £150000
45% £150000 +

Dividend Tax Rate
7.5% 0 - £32000 Dividend Ordinary Rate
32.5% £32000 - £150000 Dividend Upper Rate
38.1% £150000 + Dividend Additional Rate.

Using Rates + Bands

Taxable Income must always be divided / analysed into 3 categories

- General Income
- Savings Income
- Dividends Income

IN THAT ORDER.

Must be clearly shown in exam Q workings

"Top Slice"

EXAMPLE | Basic Rate Taxpayer

After personal allowance (£11000)
- General Income £4 300 → we can see that they
- Savings Income £3600 are a basic rate
- Dividend Income £2 300 taxpayer.

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% (savings rate after £5000) = $\boxed{£380}$

Tax payable on savings income.

JOB RELATED ACCOMMODATION

for property (jobrelated) to be EXEMPT...

- employee is a representative occupier (e.g. caretaker/cleaner)
- employee NEEDS accommodation (e.g. VICAR)
- property provided for security

Annual value and £75000 rule dont apply.
Running costs are still assessable (heat, light)
↳ 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...
- 20% of market value when first given
- rental / hire charge paid by the employer

↓

Applies to each tax year used

Asset given / sold to employee permanently...
Benefit is the higher of

↓

- market value at date of transfer
- market value when given - benefits for use of the asset already assessed

↓

Amount paid by employee is deducted from this.