

BNO guide to understanding tax issues in the UK

This guide is intended for people from Hong Kong settling in the UK via the British National (Overseas) (BNO) visa. Geldards is one of the UK's leading full-service law firms, with experience of helping individuals in the UK and internationally. Our experienced professionals can help guide you through your relocation to the UK and provide advice and support to help you start your new life.

Relocating from Hong Kong to the UK can have a number of tax consequences. The key considerations are as follows:

Personal income tax

Individuals who are resident for income tax in the UK are subject to income tax on income earned in the UK. Tax can also be payable on income earned outside the UK, such as investment income, if that income is brought into the UK. Long term UK residents can become subject to income tax in the UK on all their worldwide income unless they choose to pay a non-resident Remittance Basis Charge – a flat rate charge which allows any non-UK income not to be subject to tax in the UK.

The UK operates a complex statutory residence test with a number of different tests to be satisfied if an individual becomes UK tax resident. The basic test is being in the UK for over 180 days in any tax year (which starts on 6 April in each year).

As a starting point, individuals should register with HM Revenue & Customs, the tax authority in the UK, when entering the UK.

The UK Hong Kong Double Tax Treaty ensures that relief is provided from tax being charged in both the UK and Hong Kong on the same income and gains – credit will be given against the tax liability in the UK for tax paid in Hong Kong and vice versa.

Capital gains tax

Capital gains tax is charged on the increase in value of assets when the assets are sold. For example, selling property or shares. UK residents are subject to capital gains tax (“CGT”) on the gain in relation to UK and non-UK assets. UK residents benefit from a large number of exemptions and reliefs from CGT including an annual allowance of £12,300 and relief from CGT on the gain on the sale of a main residence or home in the UK.

Stamp Duty land Tax (“SDLT”)

SDLT is payable on the purchase of land in England and Northern Ireland. Similar taxes are charged on the purchase of land in Scotland and Wales.

SDLT will be payable on the purchase of a home in the UK. If you already own another home anywhere in the world, you will be subject to a 3% SDLT surcharge on the purchase of a home in the UK. There is an exception where you sell your old home and buy a replacement home within a three year period. The purchase of a residential property via a company is subject to a 3% SDLT surcharge and if the house is purchased for more than £500,000, a flat rate 15% SDLT rate is applied. A separate annual charge applies for the ownership of a house via a company (or a trust) which is designed to encourage personal ownership of residential property.

A further 2% SDLT surcharge was introduced from 1 March 2021 on the purchase of residential property by a UK non-resident. If an individual does not satisfy the statutory residence test at the time of completion of the purchase, the 2% surcharge must be paid. The surcharge can be reclaimed from HMRC once the purchaser has become UK resident in the year after the purchase.

Starting a business in the UK

It is very easy to start a business in the UK and most businesses involve the formation of a company at Companies House. Any business or company must register for tax with HMRC within 3 months of starting business. Failure to register on time can result in penalties being applied. Please refer to our guide on Setting up a business in the UK.

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Inheritance tax

Inheritance tax ("IHT") is payable on any assets located in the UK even if the owner is non-UK resident. UK residents are liable to IHT on their worldwide assets.

It is advisable that UK residents with assets located outside the UK make Wills dealing with their UK assets and Wills in any overseas jurisdiction dealing with the overseas assets. Therefore, you could have a UK Will as well as a Hong Kong Will.

What should I do next?

If you require any assistance, guidance or advice, please contact the **Geldards BN(O) team**.

Language Notification

We can only deliver our advice and services to you in English. By instructing us to act for you in this matter, you accept that it is your responsibility to arrange for correspondence and documents sent to you to be translated so that you understand them and to have translated into English any correspondence you send to us. We will act upon your instructions based upon the English translation.

嚟英國購買房產嘅 BNO指南

本指南適用於透過英國國民（海外）（**BNO**）簽證嚟英國定居嘅香港人。**Geldards**係英國領先嘅全方位服務律師事務所之一，擁有幫助英國和國際個人嘅經驗。我們經驗豐富的專業人員可以幫助您完成搬遷到英國的旅程，並提供建議和支持，以幫助您開始新的生活。

When you are considering buying a property in the UK to make your new home, consider that there are two types of property in England and Wales, Freehold which are usually houses and Leasehold which are usually flats.

The basic process to buy each type of property is the same, but varies slightly for leaseholds as the Landlords requirements also need to be considered.

Once you Have Found A Property

Once you have found the property to purchase you will need to:

- Instruct a solicitor
- Let the estate agent know who your solicitor will be
- Arrange your finances
- Arrange for a survey to be carried out to ensure that there no defects and that the asking price is correct.

Basic Procedure

- The estate agent will issue details to both the buyer's solicitor and seller's solicitor
- The sellers will prepare the draft Contract documentation
- The buyer's solicitor will review and raise enquiries and request conveyancing searches
- Further enquiries may be necessary following receipt of the searches
- Once all enquiries have been resolved and searches are back, a date for moving (completion) can be agreed

- On the agreed completion date, you collect the keys and move into your property
- The process usually takes about 20 weeks from instruction to completion

Leasehold Property

With a leasehold property you will pay certain charges to the building owner called ground rent and service charge. The service charge is a proportion of the charges incurred for the maintenance of the building and the ground rent is an additional charge payable to the landlord.

Other Considerations

In addition to your solicitor's fees, there will also be charges for disbursements these include searches, Land Registry fees, Stamp Duty, which is a government property tax (if you are not resident in the UK for at least 183 days in the 12 months prior to purchase a higher rate of stamp duty will apply) and if leasehold, fees payable to the landlord.

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