

FAQ Tax Returns on International Assignments

When you're on an international assignment, tax rules can be complex depending on your residency status and where your income is sourced. Here are the key reasons why you may need to consider filing tax returns in both the UK and your host country:

1. UK Tax Residence Rules

UK Tax residents are generally subject to UK taxation on their worldwide income and gains.

UK Non-residents are generally subject to UK taxation on their UK-sourced income and gains, such as UK rental property income or UK employment income for their UK workdays.

2. Dual Tax Residence

There may be cases where you are considered tax resident in both the UK and the country where you are on assignment. This may cause a double taxation issue in principle. Where available, double taxation treaties can help resolve this conflict by offering relief or exemptions, depending on the nature of the income.

Additionally, if you become non-resident in the UK but continue to earn UK-sourced income (e.g., through rental properties or continued UK workdays), you will still need to file a UK tax return to report that income.

3. Foreign Tax Credits

The UK has several tax treaties with other nations to prevent you from being taxed twice on the same income. By filing tax returns in both countries, you can generally offset taxes paid in Country A against your tax liability in Country B, ensuring you are not taxed twice on the same income.

4. Filing Requirements in the Overseas Country

Your host country may require you to file a local tax return if you are earning income there. Each country has its own tax rules, deadlines, and documentation requirements, which must be met alongside your UK obligations.

5. Deregistration Process for UK Tax Returns

Once registered to file UK tax returns, HMRC expects you to continue filing annually. If your situation changes and you no longer need to file, notify HMRC to avoid unnecessary tax obligations or penalties. You should consider if you need to do the same in the host country too.

Where Can I Find More Information?

For further guidance on these topics, you can visit the following resources:

- **KPMG TIES:** <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2023/01/TIES-UnitedKingdom.pdf>
- **Register for Self Assessment:** <https://www.gov.uk/register-for-self-assessment>
- **Appointing a tax agent:** <https://www.gov.uk/appoint-tax-agent>
- **UK Residency Rules & Statutory Residence Test (SRT):**
 - HMRC Guidance: <https://www.gov.uk/government/publications/residence-domicile-and-remittance-basis-rules-uk-tax-liability>
 - KPMG Guidance: <https://assets.kpmg.com/content/dam/kpmg/pdf/2016/01/statutory-residence-test-flowchart.pdf>

- **Foreign Tax Credits:** <https://www.gov.uk/tax-foreign-income/taxed-twice> & <https://www.gov.uk/government/publications/calculating-foreign-tax-credit-relief-on-income-hs263-self-assessment-helpsheet>
- **Deregistering from UK Filing Obligations:** <https://www.gov.uk/self-assessment-tax-returns/no-longer-need-to-send-a-tax-return>

For help with your specific circumstances, it is advisable to seek advice from a tax professional or accountant who specializes in international assignments.

If you are on an international assignment, ensure you stay compliant with the tax laws in both the UK and your host country, and keep track of deadlines for both jurisdictions.