



2019/20 Tax Return Workbook Guidance Notes

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IMPORTANT INFORMATION

Please ensure you read the information below carefully before completing your UK Tax Organiser.

Transferring Information

It is important your personal data is sent securely. Please ensure that all relevant tax information including this organiser and any personal details are sent via your preferred route or by WeTransfer. You can do this by following the instructions below:

1. Go to www.fitzandlaw.wetransfer.com

Please note: you may be asked to accept the Terms of Services of WeTransfer (the file sharing provider) – please accept or contact us if you have any queries regarding this.

2. Click Add files and select the file(s) you want to send (up to 2GB)
3. Enter gtaylor@fitzandlaw.com where it says 'Friend's email'
4. Enter your email address
5. Add any message you want to include in the email that will be sent to George alongside the link to download the file(s)
6. Click transfer
7. The file(s) have now been sent – you will also receive an email with the download link and be sent confirmation once George has downloaded the file(s). The files will automatically be deleted after 28 days.

FILING DEADLINES

Below are the deadlines for filing your 2019/20 tax return.

5th October 2020: register for self assessment

If you have never submitted a self assessment tax return before, you must register to do so by 5 October 2020 in order to submit for the 2019/20 tax year.

31st October 2020: filing by paper

A paper return must reach HM Revenue & Customs (HMRC) by midnight on 31st October 2020.

There are a few exceptions, including if HMRC issue a letter telling you to complete a tax return. In this case, the letter will tell you the new deadline (usually 3 months from the date of the letter).

30th December 2020: filing online

If you owe less than £3,000 of tax for the tax year and would like HMRC to collect it through your 2021/22 PAYE tax code, you must file online by midnight on 30th December 2020.

31st January 2021: filing online

All returns filed online must be filed by midnight on 31st January 2021.

There are a few exceptions, including if HMRC sends you a letter telling you to complete a return, but they have sent this to you after 31st October. In this case, the letter will tell you the new deadline (usually 3 months from the date of the letter).

HMRC PENALTIES FOR LATE FILING & PAYMENTS

If you miss the deadline, the longer the delay in filing and payment, the higher the penalty and interest will be. Therefore, we recommend you provide us with all information at your earliest convenience in order to allow us plenty of time to prepare and finalise the return and avoid any late filing or payment penalties.

Late Filing

Automatic Penalty - £100

You will receive a penalty of £100 if the return is submitted later than midnight on 31st January 2021 (or 31st October 2020 for paper returns).

This applies even if you have no tax to pay or have already paid the tax you owe.

3 Months Late - £10 daily

If your return is still not filed 3 months after the deadline you will then receive a £10 daily penalty for each further day it is not filed, up to £900.

6 Months Late - 5% of the total tax or £300

If your return is still not filed 6 months after the deadline, you will then receive a penalty of 5% of the total tax due for this year, or £300, whichever is the greater.

12 Months Late - 5% of the total tax or £300

If your return is still not filed 12 months after the deadline you will then receive a further penalty of 5% of the total tax due for this year, or £300, whichever is the greater.

Your total penalties will now have built up to at least £1,600.

Late Payment

30 Days Late - 5% of the total tax or £300

If the amount of tax due is unpaid by midnight on 1st March 2021 your penalty will be 5% of the total tax liability.

6 Months Late - 5% of the outstanding tax at date

If the amount of tax due is unpaid by midnight on 1st August 2021 your penalty will be 5% of the total tax liability outstanding.

12 Months Late – 5% of the outstanding tax at date

If the amount of tax due is unpaid by midnight on 1st February 2022 your penalty will be 5% of the total tax liability outstanding.

If the taxpayer makes a payment agreement with HMRC the penalty is suspended unless the agreement is broken.

DOCUMENTS REQUIRED

2018/19 UK Tax Return - if you filed your 2018-19 UK Tax Return yourself or with a previous firm, then please provide us with a copy.

Please note we do not need original documentation as copies are acceptable for the purpose of preparing the return.

If you could provide us with the following documents, please let us know on the tax organiser checklist. You do not need to enter the same details on your tax organiser.

EMPLOYMENT DOCUMENTS

If F&L provide your payroll, you do not need to provide us with these documents as we will obtain this from our payroll team.

Please provide either your Form P60 or Form P45 and Form P11D. Please also provide us with payslips if available.

If you are on a non-UK payroll, please provide a copy of all relevant payslips.

EMPLOYER STOCK OPTIONS & SHARE PLANS

Please provide details if you were granted, exercised or sold any options or shares under a stock option plan during the 2019/20 UK tax year, regardless of your residence status at the time of grant, exercise and sale. Please provide plan documents and annual reports.

SELF-EMPLOYMENT

If you are self-employed, please provide your income and expenses.

Where the receipts that would otherwise be brought into account in calculating the profits of the trade for the tax year are up to £1,000, the profits from the trade will be treated as nil.

PENSION PAYMENTS

Please provide details of the pension provider, policy number and contributions made by you personally in the 2019-20 tax year. Your payroll provider normally issues an annual pension summary. If you have contributed to a pension through your employer, please also *provide a copy of your March 2020 payslip.*

CHILD BENEFIT

Please confirm if you or your spouse or partner you live with received any child benefit payments. Please provide details even if they are not your children.

DETAILS OF UK INTEREST & DIVIDENDS

Please provide details of interest or dividends.

CAPITAL GAINS

If you sold any assets during the year, please provide full details. Please let us know if you sold your principal residence (i.e. home) so that we can determine if any relief is available.

Please note that each individual has an annual allowance of £12,000 for 2019/2020.

PROPERTY RENTAL

If you rented out a property during the year, please provide full details i.e. rent received and all applicable expenses including mortgage interest. If you rented your property through an agent, please provide the agent's statements for the year. Please note that mortgage payments towards capital is not deductible. Please also note that for 2019/20 UK tax year, deductible mortgage interest payment is restricted.

Where receipts that would otherwise be brought into account in calculating the rental income for the tax year are up to £1,000, the rental profit will be treated as nil.

CHARITABLE DONATIONS

Please provide details of any charitable donations made to a UK charity under the Gift Aid scheme. Where possible, please provide receipts/confirmation of donations. Donations outside of the Europeans Economic Area (EEA) are not allowable deductions for UK tax purposes.

PAYMENTS ON ACCOUNT & UNDERPAID TAX

If we did not prepare your 2018/19 UK tax return, please provide details of any payments on account made towards the 2019-20 tax year. Please also provide details of any underpaid tax included in your 2018-19 tax code relating to previous tax years.

OFFSHORE INCOME

Please confirm if you have more than £2,000 of the following income offshore (outside of the UK) or proceeds from disposal of offshore assets, such as:

- Dividends from foreign companies
- The profits of a property business (rental income)
- The profits of a trade, profession or vocation which are carried out wholly outside the UK
- Pension & annuities
- Interest
- Royalties
- Proceeds from the disposal of offshore assets

If you have less than £2,000 unremitted offshore income or proceeds, you will NOT need to provide the details.

DETAILS OF OFFSHORE INTEREST & DIVIDENDS

Please provide details of interest or dividends which were paid from a foreign (non-UK) source in 2019-2020.

OVERSEAS PROPERTY RENTAL

If you rented out a property outside the UK during the year, please provide full details i.e. rent received and all applicable expenses. If you rented your property through an agent, please provide the agent's statements for the 2019-20 tax year.

OTHER FOREIGN INCOME

This section is for any other foreign income including foreign partnership/employment/self-employment. If foreign tax has been deducted from this income, then please provide details.

REMITTANCES

Please advise of any funds remitted to the UK from any overseas source during the year – existing bank funds, income, proceeds from asset sales etc. This only applies to income/gains received whilst UK resident.

FOREIGN TAX RETURN

Please provide a copy of your foreign tax return with the tax calculation if you filed a non-UK tax return, part of which overlaps with the 2019/20 UK tax year.

RESIDENT & INTENTION TO STAY IN THE UK FOR LESS THAN 2 TAX YEARS

This information is only required if you are claiming to be resident for less than 2 years in the UK. Please confirm whether your original intentions to be resident in the UK for less than 2 years have changed (please contact us if you are unsure as to what may constitute a change of intention in this regard).

TRAVEL CALENDAR

Please complete the calendar tab of your tax organiser. Please refer to the note below when you enter details. You need to ensure you have sufficient evidence to support your workdays if you claim overseas workdays relief (e.g. travel diaries, boarding passes, expense claims etc.) in the event HMRC requests confirmation of these at a later date.

Important Note

You will be treated as spending a day in the UK on any day where you are present in the UK at midnight at the end of that day. However, a day will not count as a day spent in the UK if you:

- Arrive in the UK as a passenger, depart from the UK the next day and during the time in the UK you do not engage in any work or non-work activities; or
- You are prevented from leaving by exceptional circumstances beyond your control, up to a maximum of 60 days in a tax year.

Please note that HMRC are becoming increasingly aggressive regarding the scrutiny of overseas workday claims and will, if the return is subject to an enquiry, look to disallow overseas days that they do not regard as substantive. In practice this means they will only allow an overseas workday claim to stand if the individual can demonstrate that the work duties performed that day were for the main part performed outside the UK.

A UK workday is defined as a day on which more than 3 hours of work is carried out in the UK. Work includes incidental and non-incidental duties and most business travel and training. Based on this definition, any day where an individual has worked in the UK for 3 hours or more will not be deemed as an overseas workday.

If you have any questions regarding this aspect of your return, please contact us to discuss.

SALARY

Please confirm the location of the account where your salary is deposited (e.g. UK account/Jersey/US etc.) Where salary was paid to an account outside the UK please state the amount subsequently remitted to the UK during the year. If you have changed employments in the year, please provide details for each employment.

CHANGE IN CIRCUMSTANCES OR INTENTIONS

If there have been any changes in your personal circumstances or intentions, please provide full details (e.g. purchase of UK property, change of employment, visa renewal, rental agreements in excess of 3 years etc.)

LEAVING THE UK

If you left the UK during the 2019-20 tax year, you may still have a UK filing requirement if you have UK source income. Examples of UK source income which may require you to file as a non-UK resident are:

- UK rental income
- Deferred compensation
- Restricted stock or share options
- UK bank interest or dividends

IF YOU ARE NOT DOMICILED IN THE UK

LESS THAN 7 YEARS IN THE UK

As a non-UK domiciliary, you now have to either elect to be taxed on the *arising* basis, which will tax your worldwide income, or the *remittance* basis, which will only tax your UK source income plus any remitted taxable income. If you elect for the “remittance” basis you could lose, amongst other reliefs, your UK personal allowance of £12,500 for 2019/20.

For the purposes of this organiser we have assumed you will be electing for the *remittance* basis; *please contact us as soon as possible if this is not the case.*

For those remaining on an *arising* basis in tax year 2019-20, the personal allowance reduces where the income is above £100,000 by £1 for every £2 of income above the £100,000 limit.

MORE THAN 7 YEARS IN THE UK

If you have been in the UK for more than 7 out of the last 9 tax years and you elect for the remittance basis you will need to pay the following:

- £30,000 per annum for individuals who have been UK resident for 7 of the previous 9 tax years (i.e. it applies from the 8th consecutive tax year of UK residency).
- £60,000 per annum for individuals who have been UK resident for 12 of the previous 14 tax years (i.e. it applies from the 13th consecutive tax year of UK residency).

Non-UK domiciled individuals who have been UK resident for 15 of the previous 20 tax years will be deemed to be UK domiciled for all tax purposes (i.e. this will apply from the 16th consecutive year of UK residency) and therefore no remittance charge will occur. An individual who is deemed UK domicile will need to declare their worldwide income. If this applies to you, please let us know and we will provide you with the relevant organiser for the next tax year.

For more information, please contact:

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