BRIEFING NOTE

December 2014

ROOKS RIDER SOLICITORS

Autumn Statement 2014 Update

The Chancellor announced the following measures of particular relevance to non-UK Domiciliaries and their advisers.

1. Stamp Duty Land Tax (SDLT)

Reform of SDLT on residential property was announced so that rates apply only to that part of the property price that falls within each band, therefore making it similar to the calculation of Income Tax.

This is to apply as follows:

- 0% paid for the first £125,000
- then 2% on the portion of the transaction value between £125,001 up to £250,000
- 5% is charged on the portion between £250,001 and £925,000
- and the portion between £925,001 and £1.5m is charged at 10%; and
- then the portion over £1,500,000 is charged at 12% on anything above.

These measures came into force on Thursday 4th December 2014. Transitional rules will allow buyers who have already exchanged on a home but not completed before 4 December 2014 to choose whether to pay SDLT under the old or new rules.

2. Changes to the Remittance Basis Charge (RBC)

A new £90,000 charge for non-UK Domiciliaries resident in the UK for 17 of the past 20 years will apply for those claiming the remittance basis each year. This will make it much less attractive for foreign Domiciliaries to remain here long term.

Furthermore, whilst the charge paid by people who have been UK resident for 7 out of the last 9 years will remain at £30,000 the charge for those resident for 12 out of the last 14 years will increase from £50,000 to £60,000.

The election to claim the remittance basis is currently an annual election and is useful in so far as it enables the non-domiciled taxpayer to organise their affairs in a tax efficient manner. The Government have announced that they will consult on whether the election should apply for a minimum of three years. If this goes ahead, this may prove difficult to manage in practice.

3. Annual Tax on Enveloped Dwellings (ATED)

The annual charge under ATED will increase by 50% plus inflation for those residential properties worth more than £2 million for the chargeable period 1st April 2015 to 31st March 2016.

The previous increases were set at the inflationary increase.

The changes for 2015/16 will be:

Property Value	New ATED Charge
£2m - £5m	£23,350
£5m - £10m	£54,450
£10m - £20m	£109,050
£20m +	£218,200

4. Further Measures for Serial Tax Avoiders

HMRC announced it would consult in early 2015 on introducing further deterrents for serial tax avoiders and on penalties for tax avoidance cases where the General Anti-Abuse Rule applies.

5. Capital Gains Tax (CGT) – Charge for Non-Residents

As set out in our Briefing Note last week, HMRC is pushing ahead with the introduction of CGT for non-UK residents disposing of UK residential property from April 2015.

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