

# GM Expat Tax

## **DEPARTING THE UK NOTIFYING HM REVENUE – FORM P85**

Most who depart the UK to live overseas should be considering the completion of HM Revenue's form P85: <http://www.hmrc.gov.uk/cnr/p85.pdf>

The submission of this form, together with form P45 from the last UK employment will – for most - give rise to a tax refund.

This is because the UK PAYE system makes available the UK personal allowance and the various tax rates on the assumption of continued employment throughout the tax year.

Thus, if the last date of pay is on (say) 31<sup>st</sup> October only 7 months of the UK tax year have elapsed. A departing UK resident is entitled to the UK personal allowance for the whole tax year, which means a balance of 5/12 of the annual personal allowance has not been made available at the time of the final UK salary payment.

Also, if salary has borne income tax under PAYE at tax rates other than the basic rate in the period leading up to the cessation of the UK employment prior to departure there may be an element of that pay that should bear tax on a lower tax rate when the income tax rate bands for the whole 12 months are considered.

Those claiming a tax refund via form P85 but who are letting a UK property when moving overseas should bear in mind that any rental surplus will then generate a tax liability to HMRC, as all of the available personal allowance for the year will have been utilised in giving rise to the P85-generated tax repayment.

*Note: Those who are moving overseas and who are letting a UK property should also be aware of the Non Resident Landlords Scheme, and the need to notify HM Revenue of their chargeability to UK income tax if they are generating a rental surplus after deducting allowable expenses.*

*In this regard, please see:*

- Form NRL1: <http://www.hmrc.gov.uk/cnr/nrl1.pdf>
- Form SA1: <http://www.hmrc.gov.uk/sa/forms/sa1.pdf>

***The contents of this factsheet are necessarily a general overview of a detailed subject. We therefore recommend that you take professional advice about your circumstances before placing any reliance on the contents of this factsheet.***

***GM Expat Tax assists individuals living outside the UK with their tax affairs, including the preparation and electronic submission of tax.***

***GM Expat Tax can be contacted via our website – [www.gmexpattax.com](http://www.gmexpattax.com) - and by telephone at our offices, whose details are shown on our website.***

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