

# GM Expat Tax

## **MOVING OVERSEAS AND LETTING A UK PROPERTY – WHAT SHOULD YOU DO?**

Many UK expats head overseas to work and let out their former house in the UK – or have an investment property or two that they are letting.

How does UK tax work once you have ceased to be a resident there?

Unsurprisingly HM Revenue & Customs in the UK will have some interest in what you are doing and you must take care to jump over all the necessary barriers - if you don't you can expect to be subject to penalties and interest.

You should be aware that a surplus of rental income over allowable rental expenses remains taxable in the UK, irrespective of where you live and whether you are resident outside the UK.

This is further complicated in that once you leave the UK to live abroad your tenant (if you have not appointed a letting agent) or the letting agent (if you have) is required to deduct tax at the basic rate from your rental income less the allowable expenses, and must pay this to HM Revenue.

However, you can apply to the special tax office that deals with these issues for approval for your property income to be paid to you without tax being deducted.

You will also be expected to submit a UK Tax Return each year, even if the rental expenses exceed the rental income. Rental expenses includes mortgage interest (not capital).

Note though that if you are a UK citizen you remain entitled to a UK personal allowance. This often absorbs all if not most of the surplus rental income, meaning that little if any tax will be payable to the HM Revenue in the UK.

Subject to where you are living and working outside the UK your UK net rental income may be taxable in your new jurisdiction. However, many countries that are low tax expat destinations will not seek to seek UK net rental income – nor any capital gain if you dispose of the property some time after you have ceased to live in the UK.

GM Expat Tax will be delighted to help with your UK tax return obligations – contact us via [www.gmexpattax.com](http://www.gmexpattax.com) for a free initial discussion about how we can help, and a no obligation fixed fee proposal.

*The contents of this factsheet are necessarily a general overview of a detailed subject. The situation may change as tax legislation can alter quickly and we therefore strongly recommend that you take professional advice about your personal circumstances before placing any reliance on the contents of this factsheet.*

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