

Foreign Tax Credit Relief working sheet (FTCRWS)

Part 1: Calculate tax liability – one source of foreign income

Calculate the equivalent UK tax on your foreign income. This is done by carrying out 2 calculations. One to calculate the total tax due including the foreign income and the second calculation without the foreign income. Do not include tax on charges, notional tax and any reduction for credit for foreign tax.

Appendix 1 provides help to complete the boxes on the working sheet.

- Calculate the Income Tax on your total income, including the item subject to the Foreign Tax Credit Relief (FTCR) claim.
- The amount of Income Tax which would be chargeable on your total income, excluding the item which is subject to the FTCR claim.
- Deduct calculation b) from a).

Income Tax liability

FTC1	£
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Income Tax liability without the source of foreign income

FTC2	£
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UK tax chargeable on that income FTC1 minus FTC2

FTC3	£
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If the foreign income has been taken into account in the computation of your allowances or any relief (for example, retirement annuity relief) then the amount of your allowances and reliefs, for the purpose of calculating tax credit relief only, should be recomputed to reflect the exclusion of the foreign income. The foreign tax deducted from the income cannot be refunded by HM Revenue and Customs (HMRC). This means that the amount of FTCR that can be claimed is always the smaller of the amount of:

- the UK tax chargeable on that income at FTC3
and

- foreign tax paid

FTC4	£
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- relief allowed under any tax treaty with the UK

FTC5	£
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Foreign Tax Credit Relief (lower of FTC3, FTC4 and FTC5)

FTC6	£
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Enter the total FTCR on your income in box 2 on the [Foreign \(SA106\)](#) pages.

Part 2: Calculate tax liability - more than once source of foreign income

Calculate the equivalent UK tax on your foreign income. Where you have more than one source of income, subject to a Foreign Tax Credit Relief (FTCR) claim they must be processed serially. For the second, and subsequent claims, the calculation of liability on all income excludes all income previously considered for FTCR. Do not include tax on charges, notional tax and any reduction for credit for foreign tax.

Calculate the Income Tax liability on your total income, including the items subject to the FTCR claim.

Income Tax liability

FTC1 i1 £

Item 1

Income Tax liability without the first source of foreign income

FTC2 i1 £

UK tax chargeable on that income FTC1 i1 minus FTC2 i1

FTC3 i1 £

The foreign tax deducted from the income cannot be refunded by HM Revenue and Customs (HMRC). This means that the amount of FTCR that can be claimed is always the smaller of the amount of:

a) the UK tax chargeable on that income at FTC3 i1
and

b) foreign tax paid

FTC4 i1 £

c) relief allowed under any tax treaty with the UK

FTC5 i1 £

FTCR (lower of FTC3 i1, FTC4 i1 and FTC5 i1)

FTC6 i1 £

Item 2

Income Tax liability from FTC2 i1

FTC1 i2 £

Income Tax liability without the first and second source of foreign income

FTC2 i2 £

UK tax chargeable on that income FTC1 i2 minus FTC2 i2

FTC3 i2 £

The foreign tax deducted from the income cannot be refunded by HMRC. This means that the amount of FTCR that can be claimed is always the small of the amount of:

a) the UK tax chargeable on that income at FTC3 i2
and

b) foreign tax paid

FTC4 i2 £

c) relief allowed under any tax treaty with the UK

FTC5 i2 £

FTCR(lower of FTC3 i2, FTC4 i2 and FTC5 i2)

FTC6 i2 £

Part 2: Calculate tax liability – more than once source of foreign income - continued

Item 3

Income Tax liability from FTC2 i1

FTC1 i3 £

Income Tax liability without the first and second source of foreign income

FTC2 i3 £

UK tax chargeable on that income FTC1 i3 minus FTC2 i3

FTC3 i3 £

The foreign tax deducted from the income cannot be refunded by HMRC. This means that the amount of FTCR that can be claimed is always the smaller of the amount of:

- a) the UK tax chargeable on that income at FTC3 i3
- and
- b) foreign tax paid

FTC4 i3 £

- c) relief allowed under any tax treaty with the UK

FTC5 i3 £

FTCR (lower of FTC3 i3, FTC4 i3 and FTC5 i3)

FTC6 i3 £

Add up the figures in box FTC6 i1, FTC6 i2 and FTC6 i3 if completed and enter the total FTCR on your income in box 2 on the [Foreign \(SA106\)](#) pages.

If you have further items of income for which you are claiming FTCR use a separate sheet of paper to calculate FTC6 i4, FTC6 i5 and so on and add all amounts from the separate calculations together. Enter the total FTCR on your income in box 2 on the [Foreign \(SA106\)](#) pages.