1 Remittance basis and split year treatment

(1) Section 12 of TCGA 1992 (non-UK domiciled individuals to whom remittance basis applies) is amended as follows.

(2) After subsection (1) insert—

"(1A) But it does not apply to foreign chargeable gains accruing to an individual in the overseas part of a split year as respects that individual, regardless of the part of the year (the overseas part or the UK part) in which the foreign chargeable gains are remitted."

(3) The amendment made by this section has effect in relation to gains accruing on or after 6 April 2013.

EXPLANATORY NOTE

REMITTANCE BASIS AND SPLIT YEAR TREATMENT

SUMMARY

1. This clause provides that foreign gains arising to a remittance basis user in the overseas part of a split year of residence and remitted in the UK part of the year are not charged to tax.

DETAILS OF THE CLAUSE

2. The clause inserts a new subsection (1A) into section 12 TCGA 1992 ensuring that foreign gains accruing in the overseas part of a split year of residence are not charged to tax regardless of when in the year they are remitted.

3. The rule applies to gains accruing from 6 April 2013.

BACKGROUND NOTE

4. Schedule 45 of FA 2013 introduced a new Statutory Residence Test and contained rules (previously in extra-statutory concessions) to cater for a split year of residence for an individual coming to or leaving the UK. It provided that gains arising in the overseas part of the year were not charged. However, the consequential change in paragraph 95 of Schedule 45 to the rules for remittance basis users contained an inadvertent error, the effect of which is to wrongly charge their gains arising in the overseas part of the year and remitted in the UK part of the year. This measure corrects that error.