



HM Revenue
& Customs

Modifications of the Statutory Residence Test in connection with the coronavirus

Who is likely to be affected

This measure will affect individuals who are in the UK specifically to work on coronavirus (COVID-19) related activities.

General description of the measure

This measure will disregard, for the purpose of the Statutory Residence Test (SRT), time spent by non-UK resident individuals in the UK while carrying out certain coronavirus related activities.

Policy objective

The SRT is being modified for people who come to the UK and have the skillsets currently required to help the government tackle the coronavirus pandemic.

Background to the measure

To help address the impact that the coronavirus pandemic is having on the health of the nation, some organisations and companies may need to bring expertise to the UK from within their workforce who are normally based outside the UK. Under normal circumstances, the actions and presence of these individuals in the UK could affect their own tax residence status.

There has been no consultation on this measure as it is connected to the government's response to the coronavirus situation.

Detailed proposal

Operative date

The measure will have effect from Royal Assent of the Finance Bill 2020 and will be retrospective to 1 March 2020.

Current law

The SRT is contained in Schedule 45 of the Finance Act 2013. It is designed so that individuals are able to use a series of tests in order to determine whether or not they are tax resident in the UK for a tax year.

Broadly, a person is UK resident if they meet one of four automatic residence tests and none of five automatic overseas tests; or they meet the sufficient ties test. If none of those tests are met for that year then the person is not UK resident.

Proposed revisions

Schedule 45 to Finance Act 2013 will be modified to disregard any days and ties while individuals are in the UK specifically to work in a specified sector or profession and working directly on coronavirus related activities. The disregard will apply to qualifying days in the period from 1 March 2020 to 1 June 2020.

Summary of impacts

Exchequer impact (£m)

2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026
negligible	-	-	-	-	-

This measure is expected to have a negligible impact on the Exchequer.

Economic impact

This measure is not expected to have any significant economic impacts.

Impact on individuals, households and families

This measure is expected to have a positive impact on non-UK resident individuals, who are in the UK specifically to work on coronavirus related activities. As a result of the measure, those individuals will be taxable in the UK only on their UK source income and not on their worldwide income, as may otherwise be the case.

There is expected to be a positive impact on customer experience. The measure provides certainty to non-UK resident individuals that they will not become UK resident if over a limited three month period they come to the UK to work on coronavirus-related activity.

There is expected to be no impact on family formation, stability or breakdown.

Equalities impacts

It is not anticipated that there will be impacts on those in groups sharing protected characteristics.

Impact on business including civil society organisations

This measure is expected to have a positive impact on qualifying sectors and professions engaged in coronavirus activities, by making it easier for non-UK resident individuals to work for them in the UK. There is therefore expected to be a positive impact on customer experience. There is expected to be no impact on administrative burdens on businesses. There is expected to be no impact on civil society organisations.

Operational impact (£m) (HMRC or other)

HMRC will incur costs developing and updating IT, and in ensuring compliance. These costs are still being established and will be finalised in due course.

Other impacts

Other impacts have been considered but none has been identified.

Monitoring and evaluation

The measure will be kept under review through communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact Paula Thomas on Telephone: 03000 546697 or email: paula.m.thomas@hmrc.gov.uk

Declaration

The Rt Hon Jesse Norman, MP Financial Secretary to the Treasury, has read this tax information and impact note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.