

LETTERS TO THE EDITORS

Dear Sirs,

When is a remittance not a remittance?

Robert Venables in his article [OTPR Vol 2, Issue 2, p.99] suggests that the physical importation of a car purchased out of foreign income constitutes a remittance of that income. Possibly, but whether that remittance is liable to income tax depends on whether it falls within s.65 ICTA 1988. This charges "sums received ... from property imported". It does not charge, for example, the value of or any benefit from property imported.

The income tax charge under s.65 contrasts with the income tax charge under s.740 where "any benefit" is taxable and with the capital gains tax charge under s.14 CGTA 1979 which treats as received in the United Kingdom "all amounts paid, used or enjoyed in ... or brought to the United Kingdom".

I have always taken the view that if you import a car which has been bought with capital which includes a chargeable gain you have remitted the gain, but that if you have bought that car with unremitted income there is no remittance of that income until there is a "sum received" in the United Kingdom.

I think the speaker who surprised Mr Venables was right but the authority he should have quoted was s.65 and not Professor Whiteman.

Yours faithfully

R J Clark
Baker Tilly

Dear Sirs,

I read with interest your article "When is Remittance Not a Remittance?" in Volume 2 Issue 2 of the Offshore Tax Planning Review.

In the circumstances postulated, tax is to be computed (Section 65(5) TA 1988):-

- "a) in the case of tax chargeable under Case IV on the full amount ... of the sums received in the United Kingdom ... ; and
- b) in the case of tax chargeable under Case V on the full amount of the actual sum received in the United Kingdom."

I find it difficult to accept that the import of a motor car constitutes the receipt of a sum in the United Kingdom. I would have thought it perfectly arguable that no sum is received until the motor car (or whatever) is converted into money, or have I missed something?

Yours faithfully

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