THE NEW REMITTANCE RULES: WHEN ARE INCOME AND GAINS REMITTED TO THE UK?[1]

Amanda Hardy[2]

Changes to non domiciliaries[3] and the remittance basis made by FA 2008 and FA 2009

The claim and the charge

1. The concept of domicile is, broadly, where someone resides permanently or indefinitely. A UK resident non domiciliary will often be someone who originated from abroad and who is in the UK without the intention of ending their days in the UK. For example, if Mr Smith was born and brought up in Iran with Iranian parents, he goes to university in the UK and then gets a job as a banker in the City. He intends to leave after he retires. In this case there may be a good argument that Mr. Smith is non-domiciled.

2. Pre-FA 2008, a non-domiciliary with non-UK assets in his own name only paid tax on capital gains if and when the proceeds of sale were brought into the UK. Similarly, for income tax purposes, non UK source income was only taxed if brought into the UK.

New Rules: where an individual is in the UK for less than 7 out of 10 years

3. The new rules provide that where a non-domiciliary is in the UK for less than 7 out of 10 years, he can continue to use the remittance basis by

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1 The views contained herein are put forward for further consideration only and are not to be acted upon without professional advice. The author can accept no responsibility or liability for any action or omission taken based on the information in this article.

2 Barrister, 15 Old Square, Lincoln's Inn, London WC2A 3UE, 020 7242 2744 e-mail: taxchambers@15oldsquare.co.uk

3 I concentrate in this article on non domiciliaries. The remittance basis applies to non ordinarily resident individuals as well, but only in relation to income.

making a claim so to do. Where no claim is made then the remittance basis will not apply automatically.

4. However, from 6 April 2008, a non domiciliary claiming the remittance basis will lose his personal income tax and capital gains tax allowances of £6,035 for income tax (in 2008/09) and of £9,600 for CGT (in 2008/09). In 2009/10 the allowances are increased to £6,475 for income tax (but such allowance will be progressively lost where income exceeds £100,000 in any event) and £10,100, for capital gains (half that amount for trustees).

New Rules: where an individual is in the UK for more than 7 out of 10 tax years (a "long term resident")

5. From the 8th tax year of residence the non-domiciliary must pay £30,000 per annum to claim the remittance basis (unless he has less than £2000 of offshore income and gains in the tax year).

6. It is not compulsory to claim the remittance basis, instead the non-domiciliary may pay UK tax on his worldwide income and gains. It will be possible to opt in and out for different tax years.

7. The £30,000 charge only enables a claim to be made to use the remittance basis, if offshore income or gains are actually remitted, they are taxable. However, the £30,000 is to be treated as a charge on income and gains, which means that it should be available as a credit against foreign tax which is important, in particular, for US citizens.

8. If the payment is made direct to HMRC's nominated account (by a cheque from an overseas account or direct transfer of funds) it can be paid out of offshore income and gains without it counting as a remittance. The charge is payable after the end of each tax year as part of the self assessment process. For example, for the tax year 2008/09 payment would be due January 2010. Where it is not made to the nominated account in the specified manner it will be treated as a remittance and taxable as such.

9. The taxpayer is required to nominate enough foreign income or gains on their self assessment return to produce the £30,000 charge. If there is no nomination, there is no valid claim. If enough is not nominated, there is an automatic nomination of additional income to produce the £30,000 charge. The remittance basis charge cannot exceed £30,000. Care needs, therefore to be taken in the nomination and calculation. For example more gains are needed to produce the £30,000 charge as the rate is 18%. However, any gains nominated are not taken into account for the payment on account purposes.

10. Neither of the new rules apply to minor children, although years of minority are taken into consideration when calculating long term residence.

What is a remittance?

11. For all purposes, sections 809L-809Z7 ITA 2007 apply to determine whether, and to what extent, income and gains are "remitted to the UK". Broadly, section 809L provides that an individual's income or chargeable gains are "remitted to the UK" if Conditions A ***and*** B are met, ***or*** Condition C ***or*** Condition D is met.

Conditions A and B

12. Condition A is that either:

    (a) *money or other property is brought to, or received or used in the UK* by or for the benefit of a relevant person, or

    (b) *a service is provided in the UK* to or for the benefit of a relevant person: section 809L(2) ITA 2007.

13. Condition B is that either:

    (a) *the property, service or consideration for the service is* (wholly or in part) *the income or gains*, or

    (b) *the property, service or consideration derives* (wholly or in part, and directly or indirectly) *from the income or gains*, and in the case of property, it is property "of" a relevant person, and in the case of consideration for a service, it is consideration "given by" a relevant person, or

    (c) *the income or gains are used outside the UK (directly or indirectly) in respect of a relevant debt*, or

    (d) anything deriving (wholly or in part, and directly or indirectly) from the income or gains is used as mentioned in (c): section 809L(3) ITA 2007.

14. A "relevant person" is defined by section 809M ITA 2007 to mean:

    (a) the individual;

    (b) her spouse;

(c) her civil partner;

(d) child or grandchild under 18 of someone in (a) to (c);

(e) a close company in which a person in any of the other paragraphs is a participator (or a company which is a 51% subsidiary of such a close company);

(f) a company which would be close if UK resident and in which a person in any other of the paragraphs is a participator;

(g) the trustees of a settlement in which a person under any of the other paragraphs is a beneficiary; and

(h) a body connected with such a settlement (as defined).

"Spouse" and "civil partner" of the individual include someone living with the individual "as" a spouse or civil partner. However, the provisions are not all encompassing and an adult child of the taxpayer is not a "relevant person". A company which is a subsidiary of a close company was not a relevant person in the FA 2008 provisions but is in the FA 2009 amendments from 22 April 2009.

15. The concept of "relevant person" is important because the person who brings the property to, or receives or uses it in, the UK must be a relevant person, or the person to whom or for whose benefit the service is provided in the UK must be a relevant person. In relation to property which derives from the income, the property must be property of i.e. belong to a relevant person, or in relation to a service, where the consideration for the service derives from the income, the consideration must be given by a relevant person. In addition, the reference in Condition A to "money or other property" clearly extends the charge beyond remittances of money. The reference to "service" clearly extends the charge on all income and gains beyond remittances of money and property.

16. However, Conditions A and B must both be met and whether a person is a "relevant person" must be determined at the time when the event relevant to Condition A or B occurs. Pre 6 April 2008 individuals paying tax on the remittance basis who borrowed money from a non-UK institution could repay the interest on that loan out of untaxed foreign income without giving rise to a charge to tax on the remittance basis, even if the loan was advanced in the UK. After 6 April 2008, repayments on such loans will be treated as a remittance.

17. This is because, even if the property, service or consideration for the service is not, and does not derive from the income or capital gains, Condition B can be satisfied if the income or capital gains, or anything deriving (wholly or in part, and directly or indirectly) from the income or capital gains is used outside the UK (directly or indirectly) in respect of a relevant debt.

18. A debt is a "relevant debt" if it relates, wholly or in part, and directly or indirectly, to the property or service: section 809L(7) ITA 2007. This includes a debt for interest on money lent, where the lending relates to the property or service. Income and/or capital gains are "used" in respect of a debt if, *inter alia*, the income is used to pay interest on the debt. Thus the income must be used "in respect of" a debt which "relates to" the property or service. These are vague but potentially very wide words.

19. In my view, income would be used "in respect of" a debt not only if it is used to pay off or secure repayment of the debt, but also, if it is used to obtain the debt, including where it is used to obtain a guarantee or to make a back to back loan. Quaere the position where there are commercial back to back arrangements. Further, in contrast to the old debt provisions pre FA 2008, it does not matter whose debt it is.

Condition C

20. Condition C is that qualifying property of a gift recipient (a) is brought to, or received or used in, the UK and is enjoyed by a relevant person, or (b) is consideration for a service that is enjoyed in the UK by a relevant person, or (c) is used outside the UK (directly or indirectly) in respect of a relevant debt: section 809L(4) ITA 2007.

21. For this purpose, a "a gift recipient" is a person, *other than a relevant person*, to whom the taxpayer makes a gift of money or other property that is, or derives (wholly or in part, and directly or indirectly) from the income or gains. For this purpose, whether a person is a relevant person is to be determined at the time of the gift, except that if he subsequently becomes a relevant person, he ceases to be a qualifying recipient: section 809N(2) to (4) ITA 2007.

22. "Qualifying property" in relation to a gift recipient, is defined as property that the taxpayer gave and anything deriving (wholly or in part, and directly or indirectly) from that property and any other property dealt with by way of an operation which is effected with reference to the gift of the property to the gift recipient or with a view to enabling or facilitating the gift to be made.

Condition D

23. Condition D is that property of a person (the "D person") who is not a relevant person (apart from qualifying property of a gift recipient) (a) is brought to, or received or used in the UK, and is enjoyed by a relevant person, or (b) is consideration for a service that is enjoyed in the UK by a relevant person, or (c) is used outside the UK (directly or indirectly) in respect of a relevant debt, in circumstances where there is a connected operation: section 809L(5) ITA 2007.

Mixed Funds

24. There are new rules on the order that funds which are remitted from a mixed source are treated. These apply from 6 April 2008. The old case law rules apply to mixed funds prior to this date.~~.~~

25. Broadly, under the new rules funds from mixed source are treated as remitted in order:-

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- *employment income*
- *relevant foreign earnings*
- *foreign specific employment income*
- *foreign chargeable gains*
- *employment income subject to a foreign tax*;
- *relevant foreign income subject to a foreign tax*;
- *foreign chargeable gains subject to a foreign tax*; and
- *any income or capital* (including income or capital already taxed in the UK) *not included in the previous* categories.

27. If capital gains are mixed with capital (it is not possible to segregate capital gains from the original capital when an asset is sold at a profit) then the old rule was that the capital gains and capital would be remitted pro rata. Under the new rules the gain element is remitted first so that where £4,000 remitted, it is all treated as gain and taxed with £1,000 gain left offshore plus £5,000 capital.

Segregation of Income

28. It is still possible to separate out income from capital and keep the income offshore and remit the capital. For example, if Mr Smith has a £1m sterling account in Jersey and interest is credited to a separate income account as it arises, Mr Smith can draw from the capital account into the UK free of tax. Care must be taken, however, with foreign currency gains which are taxable.

Converting Offshore Income into Capital

Source Ceasing

29. The old rule was that income from a source which had ceased in a previous tax year could be remitted without tax. For example, if interest had rolled up in a non-UK deposit account, the account was closed in year 1 and the funds transferred to a new non-UK account. In year 2, all of the funds in the new account were remitted to the UK as tax free capital. The new rule prevents this and from 6 April 2008 income from a source which has ceased in previous tax years will still remain as income and is taxed on remittance.

Alienation

30. The old rule was that a gift of offshore income or capital gains completed outside the UK was capital in the hands of the recipient when remitted to the UK. Mr Smith is a private equity fund manager and has non-UK interest of £1million. He gave that to his wife's Jersey bank account pre-6 April 2008. When Mrs Smith brings it into the UK there is no tax.

31. The new rule will treat a remittance by the taxpayer's "immediate family" as a remittance by the taxpayer. "Immediate family" includes spouses, civil partners, individuals living together as spouses or civil partners and the children and grandchildren under 18 of any of these categories. It also covers close companies, or foreign companies that would be close if in the UK, of which any of them are participators and trusts of which any of them are settlors or beneficiaries. This is narrower than the original proposal and does not include adult children, parents or remoter relatives.

32. Funds already alienated pre 6th April 2008 can still be remitted tax free.

Cash only rule

33. Before 6 April 2008, relevant foreign income was taxed only if it was brought into the UK as cash. An individual using the remittance basis in respect of his relevant foreign income was able to turn relevant foreign

income into an asset outside the UK; they could then bring in that asset to the UK without attracting a charge unless and until the asset was sold or otherwise realised for cash in the UK.

Services received in the UK

34. The old rule allowed, in certain circumstances, services received in the UK to be paid offshore without it being a taxable remittance.For example, if Mr Smith had building work done on his UK home costing £100,000. The UK building contractor had an offshore bank account. Mr Smith paid £100,000 from his offshore income account into the builder's offshore account. The builder brought the £100,000 to his UK account. There was no tax on Mr Smith. The new rules would treat Mr Smith as having remitted the £100,000 when he pays the building contractor offshore because the money is for services received in the UK.

35. There is, however, an exemption in section 809W ITA 2007 that provides that some payments made for services provided in the UK that are strictly within Condition A are to be treated as not having been remitted to the UK:

- the service provided in the UK relates wholly or mainly to property situated outside the UK (Condition A), and

- the whole of the payment for that service is made to a bank account or bank accounts held outside the UK by or on behalf of the provider of the service. (Condition B).

36. A service is regarded as having been provided in the UK if the providers of that service are based in and give that service in the UK. Where a service is provided in the UK for the benefit of a relevant person and the UK provider is in a chain of providers, for instance where legal advice is required in several jurisdictions, unless the qualifying conditions described above apply, payment made out of or deriving from foreign income or gains that are or relate to the service in the UK is a remittance to the UK.

37. However, if advisers value the measurement of work done using a variety of factors, such as, for example a basis of both time and fee rate (e.g. use of a team specialising in international property), this should be reflected in the considerations of 'wholly or mainly'. Other factors may include the fee and time rate if specialist advice was required, split of assets between UK and foreign situs, and the place of research or administration.

38. If the services (and thus the consideration due for that service) can be clearly and specifically identified as relating either to UK assets or to non-UK

assets and it is possible to separately identify this from the fees structure and invoicing, the work relating to UK assets will not be regarded as meeting the 'wholly or mainly' test at Condition A in section 809W. This does not necessarily require a separate advice letter, report or invoice ('split-invoice') to be issued, as long as the individual is clearly able to identify from the invoice to what his payments relate.

39. If there is a split contract for services relating to UK and non-UK assets HMRC accept the computations if the split bears a reasonable resemblance to the actuality of service provided. HMRC warn "any attempt to use artificial or otherwise unrealistic cost structures, for example to increase the costs attributed to non-UK property advice work against UK-property advice work should be strongly resisted".

Offshore mortgages

40. Pre 6 April 2008 individuals paying tax on the remittance basis who borrowed money from a non-UK institution could repay the interest on that loan out of untaxed foreign income without giving rise to a charge to tax on the remittance basis, even if the loan was advanced in the UK.

41. After 6 April 2008, repayments on such loans will be treated as a remittance.

42. There is a limited relief in the form of "grandfathering provisions" for certain loans made before 12th March 2008. Subject to conditions, interest payments on the relieved loans will not be treated as a remittance on or after 6 April 2008. The loan must be made to the individual outside the UK, it must be for the sole purpose of enabling the individual to buy a residential property in the UK and the money had to be received in the UK prior to 6 April 2008 and the debt has to be secured on the property. The relief applies for the period of the loan or until 5 April 2028 if sooner. If the terms of the loan are varied or further advances made after 12 March 2008, the repayments will be treated as remittances from that point. Note relief does not apply to properties purchased by offshore company or trustees. Note also it does not apply to the repayment of the loan itself.

Chattels

43. Chattels include works of art, jewellery, horses, cars and personal effects. The old rule was that if foreign income (but not gains or employment income) was used to buy an asset outside the UK there was no tax on bringing the asset to the UK unless it was sold in the UK and converted to cash.

44. The FA 2008 new rules provide that bringing an asset purchased out of offshore income to the UK will be taxable as a remittance except:-

- artwork brought to the UK for public display (these items can be purchased from relevant foreign earnings and foreign chargeable gains as well);

- personal effects (clothing, footwear, jewellery and watches which meet the personal use[4] rule);

- assets costing less than £1,000;

- assets brought to the UK for repair and restoration;

- assets in the UK for less than 275 days (the temporary importation rule);

- assets already in UK at 5 April 2008.

45. Section 51 and Schedule 27 paragraph 10 of the Finance Act 2009 widen these rules so that the exemption applies to personal effects, assets costing less than £1,000, assets brought to the UK for repair and assets temporarily imported where they are purchased from relevant foreign earnings and foreign chargeable gains as well as offshore income.

Gifts and other disposals for less than full consideration

46. Foreign chargeable gains may accrue to a non-domiciled individual following disposal of an asset or assets located outside the UK without full consideration being received, for instance on making a gift. Where such a disposal occurs the capital gains rules on disposals other than by way of bargains at arm's length normally apply, meaning the gain is treated as if the disposal was at market value (TCGA 1992 section 17).

47. Independently of these computational rules, section 809T ITA 2007 requires the treatment of the asset itself as deriving from the chargeable gains in such cases.

48. Prior to the introduction of section 809T it was not possible to tax such a gain on an individual chargeable on the remittance basis as it was not represented by money or money's worth in the hands of the individual

4 Used for the individual, the individual's spouse or civil partner or living together as if spouse or civil partner, minor child or grandchild.

making the gift. It was not therefore possible for the individual to remit the gain.

49. Section 809T is not a computational provision; the TCGA rules apply to quantify the amount of the gain. It should also be noted that section 809T applies whenever a foreign chargeable gain accrues and the disposal consideration is not the asset's market value. The consideration does not have to be nil and it could even be more than the market value. Minor amendment in FA 2009 "to correct a grammatical error".

Capital losses

50. The old rule was that capital losses on non-UK assets are not allowed against UK or offshore gains. The new rule is that capital losses will be allowable but only if the non-domiciliary makes an irrevocable election on the first occasion when they claim the remittance basis under the new rules (regardless of whether the individual has any foreign chargeable gains or overseas losses in that year). It is crucial to understand these provisions in the current climate.

51. If the election is made, special rules apply to the deduction of allowable losses where there are foreign chargeable gains. The effect of the special rules is that the allowable losses under section 2 TCGA 1992 are matched:

- Firstly, against foreign chargeable gains accruing in the tax year to the extent that they are remitted to the United Kingdom in that year;

- Secondly, against foreign chargeable gains accruing in that year to the extent that they are not so remitted; and

- Thirdly, against chargeable gains accruing in that year other than foreign chargeable gains.

52. If the individual does not make an election they will not be allowed relief in respect of any foreign losses accruing to them in that year, or any future tax year in which they remain not domiciled in the United Kingdom (whether or not they claim to use the remittance basis in those later years).

Accrued Income Scheme

53. The accrued income scheme provisions impose an income tax charge on the transfer of interest bearing securities. The scheme applies to most marketable securities, such a government or corporate bonds, but not shares

in a company. The FA 2008 changes removed the exemption under the old rules for individuals who are chargeable on the remittance basis, who were taxed on the remittance basis as an excluded transferor or transferee if the transfer was of a foreign security.

54. The new rules provide that the accrued income profits arising on the transfer of a foreign security are treated as relevant foreign income and where an individual receives consideration, in money or money’s worth, for selling a foreign security, remittance of some or all of the consideration to the UK is treated as a remittance of the accrued income profits.

55. In addition, where the remittance basis taxpayer makes an accrued income profit on a transfer of securities but doesn’t receive consideration equal to the market value of the securities (where the transfer is ex-div and the taxpayer is the transferee or there is a gift) a charge will arise on the taxpayer when they or a relevant person brings the securities to the UK or remits money deriving from the securities. Accrued income losses will be allowable.

56. There is an important concession in RDR Manual Chapter 3 Specific Topics which accepts that an amount in respect of income can be transferred out immediately upon the transfer of such securities, thereby allowing it not to become part of a mixed fund.

Offshore Income Gains

57. The current provisions on taxing offshore income gains were introduced to counter the growth of offshore roll-up funds, where investors were able to turn effectively what was income into capital gains. Where funds distribute sufficient income and meet the statutory conditions to be accepted by HMRC as “qualifying funds” the legislation allows the proceeds arising on a disposal of the holding to be treated as chargeable to capital gains tax. But an income tax charge was imposed on gains arising on a disposal of an interest in a non-qualifying fund. The legislation stated that the amount which is chargeable to income tax is calculated applying capital gains tax rules.

58. The new legislation ensures that the changes to the remittance basis generally in relation to capital gains tax applies also to offshore income gains from non-qualifying funds. From 6 April 2008 most offshore income gains will be chargeable to tax under section 87 or 89(2) TCGA only when a capital payment is matched to the gain in the tax year in which the offshore income gain accrues to the trustees. Offshore income gains that are not

matched in that year will be chargeable to tax by reason of the transfer of assets abroad legislation (unless the defences apply).

Stand Alone Offshore Companies

59. Under the old rules a capital gain made by an offshore company could not be imputed to and taxed on a resident non-domiciled owner/participator. Under the new rules, an offshore company is transparent for capital gains tax purposes and non-UK domiciled individual participators will be subject to tax. The "unintentional" double charge when the participator disposes of an interest in the company has been removed.

60. For example, an offshore company sells UK land at a gain of £2 million. The capital gain is imputed to the non-domiciled owner and he is taxed at 18%. If the offshore company sells a non-UK portfolio at a capital gain of £2 million, the gain is imputed to the taxpayer and taxed on the remittance basis, if claimed. In the circumstances, the capital gains of such a company must be taken into consideration in a non-domiciliary's decision whether or not to elect for the remittance basis if he has been in the UK for more than seven years.

61. Therefore, stand alone companies are now less advantageous that trusts or trust/company structures.

Offshore Trusts

62. Under the old rules the capital gains in offshore trusts were not taxed on a resident non-domiciled settlor or on other resident non-domiciled beneficiaries even if the gains were made on UK assets and payments and benefits out of the trust were received in the UK. After 6 April 2008 capital gains in offshore trusts are still not treated as belonging to a resident non-domiciled settlor as they arise and that is the case even if there is a UK asset and regardless of whether the settlor is "a remittance basis user". This means that trusts are still very useful for sheltering gains, in particular, on UK assets (in addition, inheritance tax advantages of creating excluded property using a trust where settlor not domiciled or deemed domiciled still remains).

63. However, there have been changes to the taxation of beneficiaries (including settlors) who receive capital payments from the trust. Such payments are still taxed on the remittance basis (but remember what is a remittance has in certain cases changed) so that if the payment out of the trust is kept out of the UK then there will be no tax if the remittance basis is claimed. This is the case even if the gains are from UK assets.

64. There is no charge to tax in respect of capital payments made to non-UK domiciled beneficiaries who:-

- receive capital payments before 6 April 2008 that are matched to trust gains accruing on or after 6 April 2008, or

- receive capital payments on or after 6 April 2008 that are matched to trust gains accruing before 6 April 2008.

This is so regardless of whether the non-domiciled UK beneficiary is a remittance basis user.

65. Trustees of non-UK resident trusts will be given an option to rebase trust assets to the market value as at 6 April 2008 so that the element of trust gains relating to the period prior to 6 April 2008 will not be chargeable if matched to capital payments made on or after 6 April 2008 to non-UK domiciled beneficiaries. This option is *only* available to trustees and neither the settlor nor beneficiaries can make the election.

66. There are new matching rules so that later capital payments are matched with later trust gains (last in first out). These matching rules will apply to all non-UK resident trustees whatever the residence and domicile status of the settlor and beneficiaries.

67. The charge to tax under section 87 TCGA 1992 on capital payments to beneficiaries (including settlors) will be subject to tax on the remittance basis where the beneficiary is a remittance basis user.

68. A combination of the rebasing election, the transitional rules for capital payments made between 12 March and 5 April, the introduction of LIFO and the new remittance rules means that trustees and UK beneficiaries need to plan disposals and capital payments very carefully. Further, trustees will need to keep careful tax accounting records including for pre-April 2008 gains.

Employment Related Securities

69. New provisions now ensure a "fair proportion of gains are taxed in the UK when the remittance basis applies". Where employment-related shares are acquired as shares in a UK company, the shares are UK assets and therefore they are 'used in the United Kingdom by and for the benefit of the employee'.

70. Where shares, share options and such, or any cash derived from them, is either the foreign securities income, or derives (whether wholly or in part, directly or indirectly) from the foreign securities income, the shares are wholly remitted to the UK when acquired, because the shares are UK assets. Thus there will be an immediate UK tax charge on this 'remittance' of foreign employment income.

71. If the UK shares are later sold, the sale proceeds consist or derive from the shares which are property that is regarded as consisting of or deriving from employment income, so the proceeds themselves consist of/contain that employment income, up to the amount of the original income.

72. There may also be a capital gain on the sale; this will be a UK gain rather than a foreign chargeable gain because the shares are UK-situs assets. If the sale proceeds are sent offshore and later brought back to the UK there will be no further charge on these monies, to the extent that they have already been subject to tax in the UK.

Finance Act 2009

122. A number of the proposals introduced by Finance Act 2009 have been mentioned above. Two of the amendments which were described by HMRC as designed to tackle "abuse" are the inclusion in the definition of "relevant person" of a subsidiary and the amendment to section 809P where property forms part of a set.

123. Other more minor amendments are that nominated income does not now include sums where gift aid has been claimed, and the remittance basis can be applied without a claim where there is less than £100 taxed investment income (rather than just no UK income or gains).

124. In addition, amendments to section 648 ITTOIA 2005 "clarifies" the interaction between the remittance basis and the settlements legislation and section 86 FA 2008 (the transitional provisions) "to ensure that the transitional provisions which prevent certain income which arises before 6 April 2008 from being taxed as a remittance if it is brought to the UK on or after that date operate as intended".

125. Finally, clause 52 of the Finance Bill introduces a new income tax exemption for low-income employees working in the UK who meet certain conditions. Such individuals will typically be migrant workers employed in seasonal work in the agricultural or service sectors in UK and in other countries in the same tax year and whose overseas income is subject to tax where it is earned.