

# STEP ADVANCED CERTIFICATE IN UK TAX FOR INTERNATIONAL CLIENTS

Syllabus

# INTRODUCTION

## **This document contains the detailed syllabus for the STEP Advanced Certificate in UK Tax for International Clients.**

It should be read in conjunction with the course brochure, which explains the method of delivery and assessment, entry requirements and personal and business benefits of completing the programme.

The brochure, course dates and enrolment application form can also be found on the programme website [www.cltint.com/stepcertuktax](http://www.cltint.com/stepcertuktax)

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# STEP ADVANCED CERTIFICATE IN UK TAX FOR INTERNATIONAL CLIENTS

## MODULE 1: DOMICILE

### **The purpose of the module is to:**

- Explain the concept of domicile and the basic rules
- Outline the different types of domicile
- Discuss how to prove a change of domicile
- Explain the concept of deemed domicile
- Discuss the relevance of domicile in relation to UK taxes
- Outline some other consequences of domicile

### **By the end of this module you should be able to:**

- Describe what domicile means under English law and particularly what is meant by so-called 'UK domicile'
- Distinguish between domicile of origin, of dependency, and of choice, and understand the concept of 'deemed domicile'
- Assess a person's likely domicile position, even if they have been resident in more than one country
- Be able to apply the deemed domicile rules
- Understand why domicile is important in relation to IHT, Income Tax and Capital Gains Tax and the relevance of double tax treaties
- Appreciate the role of HMRC in determining a person's domicile

## MODULE 2: RESIDENCE OF INDIVIDUALS

### **The purpose of this module is to:**

- Explain the Statutory Residence Test
- Discuss the implications of split-year treatment
- Outline the temporary non-residence rules
- Define the term 'treaty residence'

### **By the end of this module you should be able to:**

- Apply the SRT and advise upon circumstances in which a client will be resident or non-resident
- Understand and apply the new split-year treatment rules
- Understand and apply the temporary non-residence rules
- Explain what happens where a client is dual resident and the importance of any relevant treaties

## MODULE 3: RESIDENCE OF TRUSTS

### **The purpose of this module is to:**

- Explain how to identify where a trust is resident
- Outline the position of trustees acting as such through a branch, agency or permanent establishment
- Discuss the circumstances in which the residence of the trust may change and the effects of this
- Consider exporting a trust – the Export Charge
- Understand the consequences of the death of a trustee

### **By the end of this module you should be able to:**

- Identify the factors that determine whether a trust is UK-resident or not
- Explain how acting as a trustee through a branch, agency or permanent establishment can effect the residence of a trust and of HMRC guidance on this issue
- Explain how a trust can be exported, including accidentally
- Understand the Capital Gains Tax implications of exporting a trust and the possible reliefs
- Appreciate the possible consequences of the death of a trustee

## MODULE 4: COMPANY RESIDENCE

### **The purpose of this module is to:**

- Explain the relevance of company residence to private clients
- Discuss the ‘incorporation test’ for company residence
- Discuss the ‘central management and control test’ for company residence
- Outline the consequences of double taxation treaties and the situation where companies have dual residence

### **By the end of this module you should be able to:**

- Determine the circumstances in which a company will definitely be UK-resident and know how this affects private clients using companies for tax planning reasons
- Identify whether foreign resident companies may be considered UK-resident under the central management and control test and the factors relevant to this test
- Appreciate the importance of case law in determining the position of particular entities
- Describe what happens where a company is a dual-resident and the relevance of double taxation treaties

## MODULE 5: INCOME TAX - INDIVIDUALS

### **The purpose of this module is to:**

- Outline current tax rates and personal allowances
- Give an overview of the circumstances in which Income Tax is charged on UK residents
- Give an overview of the circumstances in which Income Tax is charged on non-UK residents
- Discuss the ways in which double tax relief is obtained

### **By the end of this module you should be able to:**

- Describe and understand the scope of a UK-resident non domiciled individual's basic liability to UK Income Tax
- Describe and understand the scope of a non-UK resident's liability to UK income tax
- Understand how double tax relief may be given - whether unilaterally, under the terms of a double tax treaty or by credit relief

## MODULE 6: CAPITAL GAINS TAX – INDIVIDUALS

### **The purpose of this module is to:**

- Outline current tax rates and allowances
- Give an overview of the circumstances in which CGT can be charged on UK residents
- Give an overview of the circumstances in which CGT can be charged on non-UK residents
- Discuss the importance of the situs of assets
- Discuss the ways in which double tax relief is obtained
- Explain the treatment of foreign currency gains
- Outline some practical considerations for UK-resident non-domiciliaries (RNDs)

### **By the end of this module you should be able to:**

- Describe and understand the scope of a UK resident's liability to CGT
- Describe and understand the scope of a UK resident non domiciled individual's liability to CGT
- Describe and understand the scope of a non-UK residents exposure to CGT
- Understand CGT situs rules in basic terms
- Understand broadly how double tax relief may be given - whether unilaterally, under the terms of a double tax treaty or by deduction relief
- Appreciate the importance of carefully planning the disposal of a UK-resident non-domiciliary's assets

## MODULE 7: THE REMITTANCE BASIS

### **The purpose of this module is to:**

- Identify who can benefit from the remittance basis
- Discuss how the remittance basis applies to different types of income and gains
- Explain how to claim the remittance basis
- Explain when and how to pay the remittance basis charge
- Discuss the consequences of claiming the remittance basis – including foreign loss relief
- Explain how to conduct a tipping point analysis when choosing between the arising basis and the remittance basis
- Outline some points to consider when the entitlement to claim the remittance basis is coming to an end

### **By the end of this module you should be able to:**

- Describe the remittance basis
- Recognise who can and cannot claim the remittance basis and identify the types of income and gain to which it is relevant
- Identify the circumstances in which the remittance basis needs to be claimed
- Advise on when the remittance basis charge is applicable and on the appropriate method of paying it
- Explain the consequences of claiming the remittance basis particularly in relation to loss relief
- Use tipping point analysis and apply all the above to advise an individual as to whether they should claim the remittance basis in any tax year
- Understand factors to consider when an RND is about to become deemed domiciled

## MODULE 8: REMITTANCES: CLIENT SCENARIOS

### The purpose of this module is to:

- Identify what constitutes 'remittances'
- Enable you to quantify remittances
- Explain mixed funds and mixed fund cleansing
- Discuss exemptions to the general remittance rules
- Outline the relief available for investing in UK companies
- Outline some practical considerations and analyse a case study

### By the end of this module you should be able to:

- Determine which transactions are likely to constitute a remittance
- Understand and apply the 'relevant person' rules, and be able to explain the ramifications of these to a client
- Identify the circumstances in which payments for the provision of services and repayments of debt can constitute a remittance
- Identify any exemptions from the general remittance rules
- Quantify the value of remittances including applying the mixed fund rules where appropriate being able to apply the mixed fund rules and rules affecting foreign currency gains, where appropriate
- Understand the purpose and potential use of mixed fund cleansing
- Understand what assets are exempt under the *de minimis*, personal use, public access, repair, temporary import and existing assets rules, and the new rules on investments
- Apply the remittance rules to practical situations, including the payment of your own charges for professional services

## MODULE 9: INHERITANCE TAX

### The purpose of this module is to:

- Give an overview of the circumstances in which Inheritance Tax (IHT) is charged, the rates, exemptions and reliefs
- Discuss excluded property and the importance of the location of assets
- Discuss types of overseas property that are not excluded
- Explain the IHT treatment of non-UK domiciled spouses
- Explain how double tax relief can be obtained
- Discuss some IHT planning points

### By the end of this module you should be able to:

- Determine the circumstances in which an individual may be liable for UK IHT by reference to their domicile, the rates applicable in different cases, the effects of cumulation and the various exemptions and reliefs
- Determine where various assets are located for IHT purposes
- Understand which assets and interests are excluded property
- Describe and understand the IHT treatment of non-UK domiciled spouses, including the limited spouse exemption and the transferable nil-rate band
- Understand in principle how double tax relief may be given, whether under applicable treaties or unilaterally
- Advise on basic IHT planning techniques available to non-UK domiciliaries, bearing in mind the need to keep track of assets and the possibility that the client may eventually acquire deemed domicile

## MODULE 10: INHERITANCE TAX AND TRUSTS

### **The purpose of this module is to:**

- Re-cap the basic IHT treatment of trusts
- Discuss the IHT benefits of excluded property trusts
- Alert you to some potential ‘traps’
- Outline what is meant by reversionary interests
- Outline some compliance issues

### **By the end of this module you should be able to:**

- Recognise when and how trusts are subject to IHT, particularly where there is a ‘foreign element’ and the differences between relevant property trusts and interest in possession (IIP) trusts
- Understand the benefits of excluded property trusts for non-UK domiciled clients
- Appreciate the ‘traps’ associated with excluded property trusts, by which assets might inadvertently become subject to IHT
- Understand the need to keep foreign-situs assets separate from UK-situs assets
- Understand IHT compliance issues for trusts, and know which forms have to be submitted to HMRC and when to do this
- Take into account other tax consequences for trusts

## MODULE 11: OFFSHORE TRUSTS – INCOME TAX

### The purpose of this module is to:

- Explain how offshore trustees can be liable to UK Income Tax
- Explain how settlors of offshore trusts can be liable to UK Income Tax
- Outline the new rules on protected trusts
- Explain how beneficiaries of offshore trusts can be liable to UK Income Tax
- Discuss the transfer of assets rules
- Outline the treatment of offshore income gains
- Emphasise the importance of record keeping

### By the end of this module you should be able to:

- Explain how the trustees, settlor and/or beneficiaries of an offshore trust can be subject to income tax
- Appreciate how the type of trust affects the rate of tax
- Understand the different ways in which a settlor can be liable to Income Tax under both the settlements code and the transfer of assets provisions
- Understand the reporting requirements for trustees and settlors
- Understand how a beneficiary of an offshore trust can be subject to Income Tax including under the transfer of assets provisions; how to apply the matching rules; and the interaction of these with CGT rules
- Understand the effect of new rules introduced from 6 April 2017 concerning non-domiciled settlors
- Appreciate the purpose of the transfer of assets legislation, what is meant by a 'relevant transfer' and the 'motive defence'
- Identify Offshore Income Gains and recognise how they are taxed differently from other gains

## MODULE 12: OFFSHORE TRUSTS – CAPITAL GAINS TAX

### **The purpose of this module is to:**

- Discuss the circumstances in which settlors of offshore trusts can be liable to UK CGT
- Discuss the circumstances in which beneficiaries of offshore trusts can be liable to UK CGT
- Explain how to calculate a beneficiary's charge to CGT including identifying trust gains, capital payments and matching
- Outline particular rules applicable to RNDs
- Outline the taxation of trust offshore income gains
- Give a brief overview of how trustee borrowing can trigger a CGT disposal
- Emphasise the importance of record keeping

### **By the end of this module you should be able to:**

- Understand the circumstances in which settlors of offshore trusts can be liable to UK CGT and how a charge is calculated
- Understand the circumstances in which beneficiaries of offshore trusts can be liable to UK CGT and how a charge is calculated
- Identify trust gains and capital payments
- Apply the matching rules
- Advise upon particular rules applicable to RNDs
- Understand how trust offshore income gains are taxed
- Understand how trustee borrowing can trigger a CGT disposal
- Advise upon what records an offshore trust should keep

## MODULE 13: OFFSHORE HOLDING COMPANIES

### The purpose of this module is to:

- Outline the circumstances in which owners of offshore holding companies can be liable for IHT
- Outline the circumstances in which owners of offshore holding companies can be liable for Income Tax
- Outline the circumstances in which owners of offshore holding companies can be liable for CGT
- Discuss specific taxation issues arising from the use of company trust structures
- Explain the rules on 'benefits-in-kind'

### By the end of this module you should be able to:

- Understand and advise upon the potential IHT benefits of owning UK assets through an offshore holding company
- Advise upon the circumstances in which shareholders of offshore holding companies can be liable for Income Tax
- Advise upon the circumstances in which shareholders of offshore holding companies can be liable for CGT and the significance of section 13 TCGA charges
- Advise on how to structure payments from offshore companies to individuals
- Identify specific taxation issues that arise when a company trust structure is used, relating to IHT, Income Tax and CGT
- Advise on the structuring of payment from underlying companies to trusts and the problems of potential double taxation
- Understand the potential impact of the benefits-in-kind legislation and shadow director rules

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## MODULE 14: THE UK FAMILY HOME

### **The purpose of this module is to:**

- Explain tax efficient methods of funding the purchase of a UK home
- Discuss exposure to UK tax where:
  - The UK home is owned directly
  - The UK home is owned by an offshore trust
  - The UK home is owned by an offshore company
  - The UK home is owned by an offshore trust/company structure

### **By the end of this module you should be able to:**

- Understand and advise upon tax-efficient methods of funding a UK house purchase for RNDs, taking into account potential liabilities to Income Tax, IHT, CGT and SDLT
- Advise upon the advantages and disadvantages of various different methods of owning the family home, whether outright, through a trust or company, or through a trust/company structure

## MODULE 15: GENERAL ANTI-ABUSE RULES

### **The purpose of this module is to:**

- Provide a brief overview of the new General Anti-Abuse Rule in UK tax

### **By the end of this module you should be able to:**

- Explain the existence of GAAR, appreciate how problematic it could be for your clients, and know where to find more detailed information

# CONTACT US

**For full details of the programme visit:**

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