

Remittance basis: loans secured on foreign income or gains

Personal tax

27 January 2022

The CIOT and other professional bodies have published a note on the treatment of loans secured on foreign income or gains by remittance basis users.

The note by the CIOT, ICAEW and STEP considers the situation where a remittance basis user has incurred a debt either in the UK or abroad and the money borrowed or property deriving from it is brought to the UK or used in the UK in such a way as would constitute a remittance. The note outlines HMRC's original approach to this situation in 2008, their change of approach in 2014 and their latest revised position following changes to HMRC's Residence, Domicile and Remittance Basis Manual in late 2020 and 2021.

Members will need to consider the implications of this latest change of practice when filing on behalf of remittance basis users and the historic compliance issues.

The note is to assist members in considering the technical and practical issues in each client's specific context. The note is published on the CIOT's website at www.tax.org.uk/treatment_of_loans.