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NEWSLETTER
SUMMER / 2021

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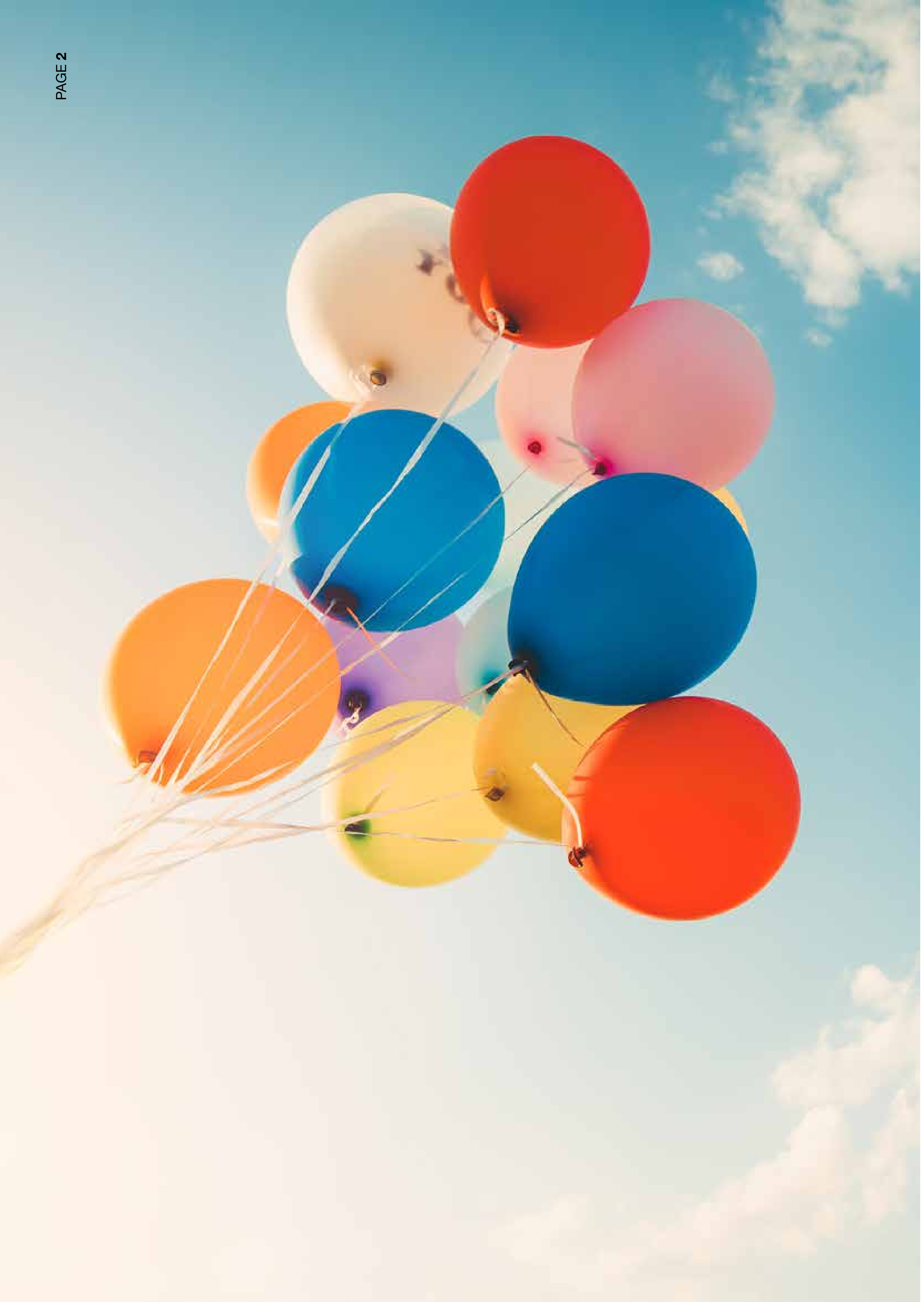
I can do my job from anywhere, right?

Cryptocurrency - investment or gamble?

Pension allowances and charges



Welcome

With the summer ahead of us, we are all hoping that the lockdowns and restrictions of the past year or so come to an end and we will again be free to see family and friends, and get back to some kind of normality.

When news of the first lockdown came in March 2020, we closed our offices and our staff started to work from home. We were very fortunate that our IT systems were already in place to allow us to access files electronically and we also introduced new processes so that we could prepare tax returns remotely. Not having our work colleagues beside us or having meetings took some getting used to, as did not being able to see you, our clients, face to face I am pleased to say our staff rose to the challenge and, although it was tougher than normal, we had a successful tax return season and we were able to provide personal tax advice to you throughout – hopefully you found the access to Teams and Zoom calls useful where you needed it.

It is hard to believe we are now in the new tax year. There was some concern that the March 2021 budget would increase tax rates or take away reliefs, but very little changed in the tax world and this was welcome after having to adapt to so many other changes in our lives over the past year – a sense of normality at least in one respect, albeit perhaps not for too long.

Our newsletters are written by our own team of personal tax professionals who advise on a diverse range of subjects. The articles in this newsletter are all inspired either by issues and problems that you are dealing with or new rules and regulations that you need to know about.

We are also keen to introduce members of our team to you over the course of future newsletters and for this issue I am pleased to introduce Sarah Brown who received a well-deserved promotion to Director earlier this year. Some of you may already know Sarah as she may assist you with your tax affairs but whether or not that is the case, I hope you will all enjoy learning a little about her.

We are always pleased to hear from you and if there are any queries arising from the newsletter that you would like to discuss, please speak to your usual contact in the first instance, or any one of the team who appear in this newsletter.

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A time for sharing?

As we enter a new tax year, is it time to review asset ownership and ensure tax efficiency of income as well as planning before any sale?

Spouses and civil partners can transfer assets between themselves without capital gains tax being payable. There are opportunities to structure income to minimise income tax payable between a married couple.

In the 2021/22 tax year a person can have taxable income of £50,270 before becoming a higher rate taxpayer (40%). There are also income hurdles at £50,000 (where child benefit starts to be clawed back) and £100,000 (where personal allowances start to be eroded away).

Taking into account those hurdles, along with the savings and dividend allowances (small amounts of income taxed at 0%), there can be merit to sharing income in different ways.

Where rental property is jointly owned by a married couple or couple in a civil partnership, there are special tax rules which tax the income received 50:50, unless it is owned in unequal proportions. If the property is owned as tenants in common, with 99% owned by the lower earning spouse, then an election can be made so that the lower earning spouse is taxed on the majority of income. ***Advice will be needed, before making changes to property ownership***, particularly where there are mortgages, in order to clarify any stamp duty land tax impact.

Every individual has a capital gains tax annual exemption of £12,300. Therefore, if disposals are carefully planned, a married couple should be able to achieve £24,600 of capital gains before capital gains tax is payable. Basic rate taxpayers also pay a lower rate of capital gains tax than higher rate taxpayers, so advice should be sought in advance of any disposal.

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For better or worse – the tax implications of divorce

Now that Covid lockdowns and restrictions are easing, it is hoped that life will start getting back to some semblance of normality. However, one unfortunate impact of the pandemic is the worldwide increase in divorce rates. The tax implications of asset transfers in a divorce can be surprising depending on the date of separation and the date of disposal.

As already mentioned in the previous article, spouses and civil partners who are not permanently separated can gift assets to each other without any capital gains tax consequences and generally, on death, can leave their estates to each other without any inheritance tax liability. However, once they permanently separate, the tax position starts to change. Any transfers between them in the tax year of separation are regarded as made at a nil gain/loss for capital gains tax purposes, but once a new tax year starts, transfers are treated as made at market value. This can cause an unexpected capital gains tax liability to arise for those who separated before the end of the tax year but make transfers after 5 April.

The tax treatment for transfers between divorcing couples depends on the date of disposal. The date of disposal can be the date of transfer, the date of the court order or the decree absolute. The tax outcome therefore may change depending on the circumstances.

In particular, a divorcing couple should be aware of:

- *The family home – is this being retained or will there be a change in beneficial ownership?*
- *Is a new home being purchased when the owner still has an interest in the family home?*
- *Jointly owned investments properties – will the ownership change?*
- *Other assets – are these being transferred between the couple?*
- *Businesses – will there be a change in ownership/ structure?*
- *Inheritance tax – what changes need to be made to the will and how do these affect the inheritance tax position?*

The disposal or transfer of a UK residential property can give rise to a 30 day reporting deadline and capital gains tax liability. Further details are set out in the next article *"Capital gains tax 30 day reporting – could this affect you?"*

The tax implications of a separation or divorce should never be overlooked and it is prudent to take advice as soon as possible to fully understand the position and consider possible planning options.

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CAPITAL GAINS TAX 30 DAY REPORTING – could this affect you?

The 30 day reporting on residential properties by UK residents has been effective since 6 April 2020, and this is something that could affect you if you are considering selling or gifting an interest in a UK residential property.

When is the capital gains tax payment due and how is it reported to HMRC?

From 6 April 2020, a capital gains tax (CGT) return must be filed with HMRC within 30 days of completing on a disposal of an interest in residential property if certain criteria are met. The resulting tax liability must also be paid within 30 days of completion. This much reduced timescale can prove challenging for cash flow as well as reporting. Unfortunately, penalties will be imposed if the filing is submitted late and interest will accrue for late paid tax.

A 30 day CGT return is not required if the disposal has not resulted in a capital gain, for example if:

- *The residential property disposal has resulted in a capital loss*
- *The gain (together with other residential property gains that have already happened in the same tax year) is within the annual capital gains tax exemption*
- *Reliefs are applicable to the property disposal which reduce the taxable gain to nil*
- *Capital losses are available to be used against the gain to reduce it to nil, either from previous tax years or from disposals arising before the completion date in the current tax year*

There are slightly different rules for non-residents which are not covered in this article. Any non-resident disposing of a direct or indirect interest in UK residential property should seek tax advice well in advance of the disposal taking place as the 30 day filing will normally apply even if no tax is payable.

Even when a 30 day CGT return has been filed and capital gains tax has been paid, the disposal must still be reported on the annual self-assessment tax return completed after the end of the relevant tax year. A credit will be given for the tax paid during the year.

The disposal may be a mixture of residential and non-residential property. If the property is sold with land, it will be important to determine whether that land is regarded as forming part of the residence or if it is non-residential. Where there is a mixture, only the gain on the residential property part is required to be reported within 30 days, so this will need to be valued separately.

The cost of any improvements or extensions to the property are normally allowed as an addition to the original acquisition cost and value when calculating the gain/loss on disposal, so it is important to hold on to records of this sort of expenditure.

If the property is being sold by more than one owner, each owner will need to consider if they need to file a 30 day CGT return. Companies are not subject to 30 day CGT reporting.

When might a capital gain arise other than on a sale?

It is important to note that it is not just the sale of a property that will trigger a capital gains tax liability. It could also occur when a property is transferred by way of a gift or a transfer at undervalue. Spousal transfers are normally treated as made at nil gain/loss so would not need to be reported. However, as already mentioned in the previous article, a transfer between spouses in tax years following the tax year of permanent separation may give rise to a capital gains tax liability and advice should be sought. If the disposal is a transfer or gift at undervalue of the property, a valuation of the property will be required to calculate the potential gain and tax at stake.

Main residence relief

Relief from capital gains tax is available when somebody sells their only or main residence. The rules for relief can get rather complicated for farm houses or cottages with large gardens, paddocks or outbuildings or where the property has not always been used as the main residence or an election has been made in favour of another residence. If there is any doubt as to whether main residence relief would fully negate the gain, advice should be taken as soon as possible in case there is a reporting requirement.

Lettings relief

Lettings relief is now only available if the tenants are in shared occupation with the owners of the property. This restriction to the relief applies for all disposals after 5 April 2020 and could have a significant impact on the tax liability.

In particular a former main residence that is now being let (without the owners in residence) would not be entitled to any letting relief on disposal. Again, advice is recommended if this situation applies to you and you are thinking of selling the property.

How to report and next steps

Before you make a 30 day CGT return, you need to have a Government Gateway account and a capital gains tax account online – we are unable to set these up for you. However, as soon as they are set up, we can complete the capital gains report on your behalf as your agent. HMRC will not issue a payment reference number to enable you to make the necessary tax payment until your CGT return has been submitted. We can provide you with step by step instructions of the process should you need them, but we would recommend that you allow a few days to set everything up, just in case there are any problems.

The disposal of UK residential property is now something that requires advice ideally before or as soon as possible after the transaction has completed. The tax implications of a disposal may not be straightforward and the penalties for late filing can add up quickly. If you have any questions or would like to discuss things further, please get in touch.

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Stamp duty land tax update

Many of us have heard that the stamp duty land tax 'holiday' has been extended to 30 June 2021, but what does this actually mean? For most individuals buying their only residential property or replacing their home, there should be no stamp duty land tax (SDLT) to pay on purchases up to £500,000. If a property purchase completes between 1 July 2021 and 30 September 2021 there will be some small savings before the SDLT rates revert to their previous levels from 1 October 2021.

For a purchase price of £500,000, the following SDLT will be due by someone replacing their home:

Completion date	SDLT due
By 30 June 2021	Nil
1 July 2021 to 30 September 2021	£12,500
From 1 October 2021	£15,000

There are also savings for individuals buying second homes or companies buying residential property, although they will be subject to the 3% surcharge.

Opportunities for SDLT savings

There are opportunities for claiming non-residential rates where more than six residential properties are purchased, claiming multiple dwellings relief where more than one property is being purchased, and advising on opportunities for savings when annexes or cottages are purchased in the garden or grounds of a larger property.

Our experienced SDLT team provide advice on the best use of reliefs to achieve savings. The SDLT rules are complex and the numbers involved in property purchases are often significant.

Non-residential surcharge – from 1 April 2021

From 1 April 2021 a 2% surcharge is added to residential property purchases by non-residents. The rules can catch transactions where only one of the purchasers is non-resident, subject to special rules for spouses/civil partnerships and Crown employees.

The SDLT non-residence rules differ from those for the statutory residence test for income tax and capital gains tax, so advice should be taken before entering into a purchase. If the 2% surcharge is payable on purchase then there may be circumstances under which the surcharge can be refunded.

Where there are any non-natural purchasers involved (for example company, partnerships, trusts) then the position can get extremely complicated and bespoke advice will be needed.

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Cryptocurrency – investment or gamble? HMRC has a view…

Cryptocurrency articles have appeared regularly in mainstream media throughout the first few months of 2021. From Tesla's bitcoin investment, to the rise of Dogecoin, cryptocurrency is here to stay.

It is not surprising then that HMRC's cryptoasset manual has seen peaks of online traffic each time the value of bitcoin has surpassed its previous height in the last six months. This would indicate that there are many individuals out there with interests in cryptocurrencies, who have suddenly become interested in the tax positions they may find themselves in.

The world of cryptocurrency has seen a rapid expansion in the last 12 months. This time last year the global cryptocurrency total market capitalisation was $269bn. In April 2021 it breached $2tn. With more individuals looking to make short- or long-term gains, it is really important to understand how these assets are taxed.

The default position for the disposal of cryptoassets is capital gains tax. Where HMRC considers the activity undertaken by an individual or business to amount to trading, income tax or corporation tax will be applied to profits made.

An important distinction to note is the point at which a disposal becomes relevant for capital gains tax. When any cryptoasset is traded back into GBP or US dollars etc. then you will have a disposal for capital gains tax. This is true whether that money is returned to the investor from the exchange or not. It is then quite probable that individuals may be selling coins or tokens into sterling, only to reinvest at a later point in time, unaware of the tax consequences.

Similarly, a trade of one cryptocurrency to another cryptocurrency (e.g. selling Bitcoin for Ethereum) is also a disposal for capital gains tax.

Losses from trades or swaps can be offset against any other gains arising within the tax year.

Where your overall gains from cryptocurrency disposals alone, or combined with any other capital disposals during the year, exceed the current capital gains tax annual allowance of £12,300, or the total amount you sold or swapped exceeds £49,200, then you will need to disclose your gains to HMRC.

There is an unfortunate school of thought amongst many cryptocurrency investors that the tax rules governing this area are akin to spread betting and gambling, or worse, that HMRC won't find about the investments or gains that they have made.

When Bitcoin peaked in 2017, HMRC retrieved information from a number of exchanges and has been pursuing cases of non-disclosure of amounts both great and small since, levying the full power of its behaviour-based penalty regime on any tax due. Where gains have been deliberately concealed, the penalty charge is between 30-100% of the extra tax due.

It is never too late to voluntarily disclose this information to HMRC, and HMRC has historically relaxed penalties where taxpayers are forthcoming with disclosures.

A keynote for any current investors; the landscape is changing rapidly and as yet there is no specific legislation purpose built for cryptoassets. Where money can be made from yield farming, staking, or lending in the decentralised finance space, expect HMRC to continue with a 'tax first, define later' approach.

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Pension allowances and charges

Pension saving can be a confusing place, even for the most financially astute. This complex area has become even more convoluted in recent years by continual changes in the lifetime and annual allowances.

High earners, who have been penalised by the tapered annual allowance, will welcome new rules introduced for the 2020/21 tax year. The government increased the point at which the tapering of the annual allowance begins from £150,000 to £240,000 of total earnings. Although the increase was welcomed by many, the tapered annual allowance continues to be a sting in the tail for some additional rate tax payers, making pension savings appear less attractive.

The tapered annual allowance has seen many opt out of their pension and negotiate an alternative remuneration rather than pay a tax charge. However, research shows it may have been in an individual's best interest to pay the tax charge in order to reap the long-term benefits of pension saving, unlikely to be replicated through other savings options.

What is the tapered annual allowance and how does it affect you?

The standard annual allowance is the lesser of £40,000 or your earnings for the tax year.

The tapered annual allowance was introduced in April 2016. For this to apply, your taxable income must exceed a test for both threshold income and adjusted income.

It is important to note that taxable income is not restricted to just your earnings. Other income and benefits will also be considered. It is advisable to speak with your tax and financial advisers before assessing the suitability of further funding your pension.

Where both the adjusted income and threshold income have been breached, the rate of reduction in the annual allowance is £1 for every £2 adjusted income above £240,000 to a maximum of £36,000. The result for those earning £312,000 or more is the minimum tapered annual allowance of £4,000.

Anyone exceeding their annual allowance may have to pay a tax charge, at their marginal rate, on the excess.

The annual allowance applies to all gross pension contributions, both personal and company, into a defined contribution scheme. For a defined benefit pension arrangement, it is the increase in the value of your benefits over the tax year. Your financial planner can help calculate this.

What are my options if I have exceeded my annual allowance?

Use carry forward
Assuming you have maximised your contribution in the current tax year, and meet the qualifying criteria, you are able to carry forward any unused annual allowance from the previous three tax years.

If you are subject to tapering in those years, you will only be able to carry forward your unused tapered annual allowance.

Pay the charge
This will need to be completed through Self-Assessment. Paying the charge from cash reserves will not impact your pension, which will still benefit from tax advantaged investment features.

Scheme pays
If your annual allowance charge is more than £2,000 it is possible to ask the scheme to pay the charge for you.

If you have a defined contribution plan, your balance will reduce by the annual allowance tax charge. If you are a member of a defined benefit plan, your benefits will reduce to reclaim the annual allowance charge. It is important to work out what the financial impact will be before proceeding.

Reduce your pension contributions
Depending on the type of pension you are invested in, it may be possible for you to reduce your contributions rather than opting out completely.

Speak to your financial planner in the first instance to find out what options are available to you.

Money purchase annual allowance

The tapered annual allowance is not the only time there is an annual allowance reduction.

The Pensions Freedom Act was introduced in 2015 and brought with it an interesting opportunity for those looking to save for their retirement and potentially pass funds tax efficiently to future generations. The changes introduced an entirely new market, the full details of which are considered confusing and still unknown to many individuals.

The money purchase annual allowance is not related to earnings. Instead it relates to whether you have taken advantage of the Pensions Freedoms Act and flexibly accessed any taxable pension benefits.

It is understood that the government's objective for the money purchase annual allowance is to stop people claiming tax relief twice by recycling pension contributions. However, it can be an unpleasant surprise for those who have taken advantage of the flexibilities whilst continuing to contribute to their pension.

Those affected could be faced with an unexpected tax charge. If triggered, the money purchase annual allowance limits annual tax relieved contributions to just £4,000.

The lifetime allowance charge

Another area we have seen a significant reduction in over the years is the pension lifetime allowance. For the 2020/21 tax year the lifetime allowance is £1,073,100 and will remain at this level until April 2026, someway short of the £1,800,000 available at its peak.

Pension savings are tested against the lifetime allowance when pension benefits are taken and on certain other key events.

Any excess over the lifetime allowance will be subject to a tax charge of either 25% or 55% dependant on how it is structured.

The opportunity to apply for lifetime allowance protection was introduced to protect those who had already built up a large pension fund. It can still be applied for in some circumstances.

Pension saving remains a cornerstone of financial planning and continues to present fantastic opportunities for tax planning. But it can be fraught with complexities and it is beneficial to seek advice.

If you think you might be affected by any of the allowances in this article or would like to discuss your pension planning in more detail, please contact your usual Francis Clark adviser, who will be happy to help.

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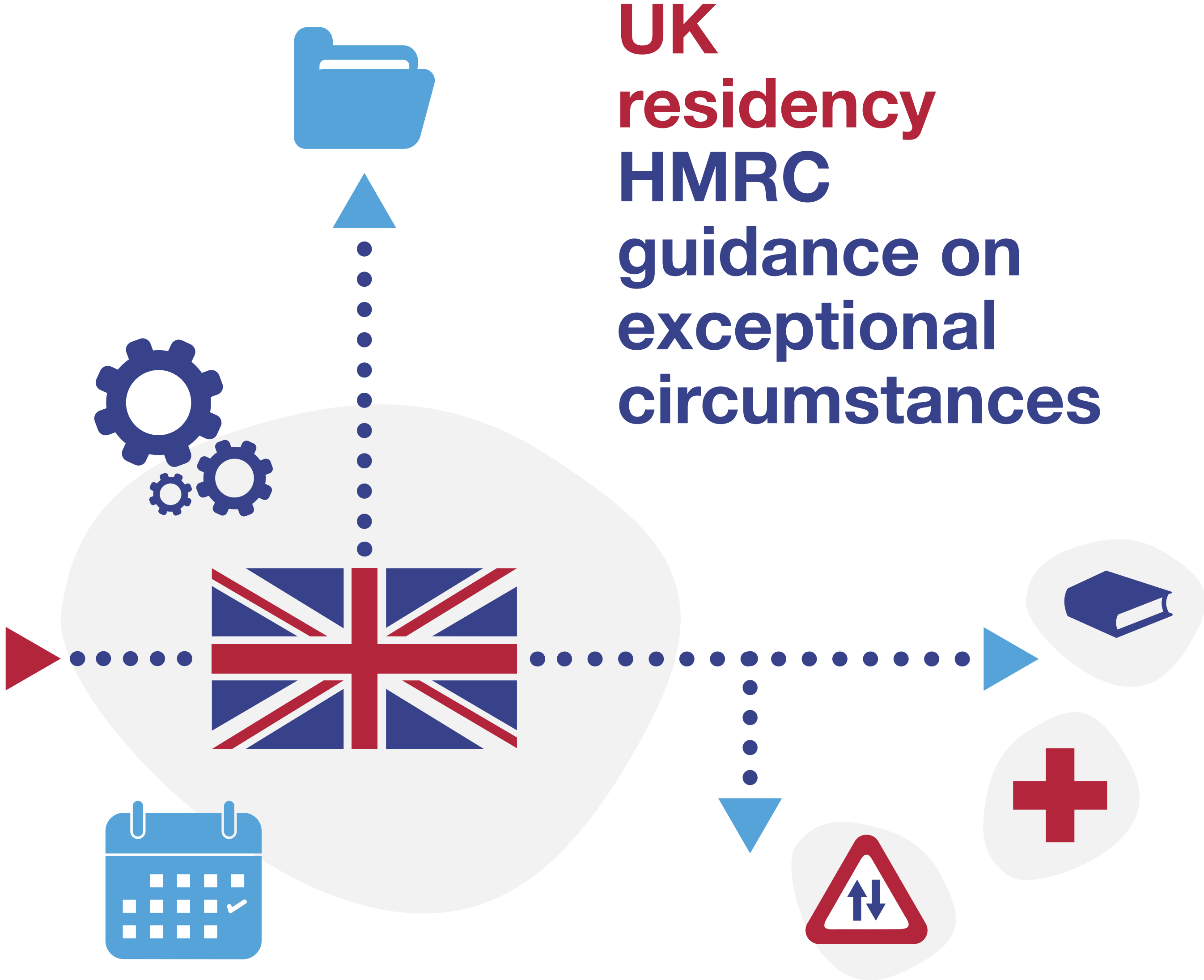
UK residency HMRC guidance on exceptional circumstances



UK tax residence (and therefore an individual's taxability in the UK) is, in part, determined by the number of days spent in the UK under the Statutory Residence Test (SRT). An individual may be automatically non-resident, UK resident or, if none of the conditions have been met, a day test will apply based on the number of 'ties' an individual has with the UK.

The Covid-19 pandemic continues to significantly disrupt international travel with many employees and individuals finding that they are unable to enter or leave the UK – potentially impacting their UK tax residence position.

Pre Covid-19, the SRT has historically allowed certain days to be excluded from the UK day count (up to a maximum of 60 days per tax year) where there are 'exceptional circumstances.'

Exceptional circumstances normally apply where the individual has no choice about the time they spend in the UK, or in coming back to the UK, and where the situation is beyond their control.

For individuals worried about breaching their UK days limit, HMRC have published guidance on how the SRT will operate as a result of the pandemic.

Exceptional circumstances

For the purposes of day counting under the SRT if an individual is:

- *Quarantined or advised by a health professional or public health guidance to self-isolate in the UK as a result of the virus*
- *Advised by official Government advice not to travel from the UK as a result of the virus*
- *Unable to leave the UK due to the closure of international borders*
- *Asked by their employer to return to the UK temporarily as a result of the virus*

HMRC consider that the circumstances are 'exceptional' and up to 60 days of those days spent in the UK can be disregarded as a result of the exceptional circumstances. However, there are several important caveats to highlight.

Firstly, not all travel disruption is covered, and we are yet to see how both the impact of the UK's 2021 Stay at Home order and the fines for international travel will be treated in terms of exceptional circumstances.

Even if exceptional circumstances can be claimed to disregard UK days, the exception importantly does not apply for all tests within the SRT. The family, accommodation, work and country ties all count days, even when they are considered exceptional.

The full-time work abroad rule does not allow any relaxation for exceptional days in the following circumstances:

- *A significant break from overseas workdays, a period of at least 31 days during which work of no more than three hours has been undertaken on any day outside of the UK and is not annual leave, sick leave or parental leave*
- *An increase in UK work days. If you cannot leave the UK, the number of days on which you work more than three hours while here are likely to increase. The criteria require you to work no more than 30 days in the UK during a tax year of non-residence*

If there is a significant break from overseas work or insufficient working hours, the automatic full-time work overseas test conditions will not be met and the residence status would then be determined by the other SRT tests.

In addition, a requirement of the full-time working criterion is to work sufficient hours. This is a complicated calculation but, very generally, full-time work refers to at least 35 hours on average per week throughout the tax year. Where work falls below this level, full-time work is not undertaken thereby causing the full-time work overseas test to fail.

Whilst HMRC issued further guidance on this in August 2020 there has been no extension to the maximum limit of the number of days which can be disregarded, which remains at 60 days despite the scale of the pandemic.

Important note – If you are relying on the work tests to fulfil the conditions of your residency, either in the UK or overseas, advice should be taken to consider how measures such as furloughing (or international equivalents), reduced working hours or place of work due to lockdown may affect your residence status.

Days worked in the UK due to COVID-19 restrictions

HMRC have confirmed that they will not seek to tax any days worked in the UK by a non-resident due to COVID-19 imposed restrictions, where this income remains taxable in the home state. Employment income relating to the period starting on the date the non-resident intended to leave the UK and the date they actually left, will not be taxable if:

- *the income is taxable in the individual's home country*
- *the individual left the UK as soon as they possibly could*

HMRC may require the individual to show evidence for the above. HMRC's example used that of a requirement to self-isolate. There have been no further updates as to whether other examples of exceptional circumstances will fall within this guidance.

Any days spent in the UK where the individual worked more than three hours, whilst may be not taxable, will still count towards the 30 UK work days allowed as part of the SRT.

Temporary workplaces

For any employees working out of temporary workplaces and claiming beneficial tax treatment on travel, subsistence and accommodation within the 24 month window - HMRC is still yet to publish any guidance on the impact of Covid-19 on these claims.

Conversely, where employees are working abroad and are concerned that being recalled to the UK may affect their UK tax position on foreign earnings, they may still fall within the exceptional circumstances rules set out above. We recommend both employee and employer seek advice in this scenario.

This is a complex area and PKF Francis Clark have specialists able to advise individuals working/living overseas and employers with internationally mobile employees.

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Offshore income or gains – the Worldwide Disclosure Facility and HMRC nudge letters

The Worldwide Disclosure Facility (WDF) was introduced by HMRC in September 2016. It can be used by anyone who needs to disclose a UK tax liability in relation to offshore income or a gain.

An offshore issue includes unpaid or omitted tax relating to the following:

- *Income arising from a source outside the UK*
- *Assets situated or held outside the UK*
- *Activities carried out wholly or mainly outside the UK*
- *Where funds connected to unpaid UK tax that were transferred or owned outside the UK*
- *Anything having the same effect as if it were income, assets or activities of a kind described above*

In our experience, most disclosures arise as a result of individuals not being aware that they have UK tax obligations in respect of overseas income/gains especially where they are filing in the overseas country and paying tax there. But in the majority of cases, anyone who is living in the UK needs to report details of all of their worldwide income and gains to HMRC. Advice should be taken if you receive anything from an overseas source if you are not already declaring it to HMRC.

The newly introduced Common Reporting Standard (CRS), which sees over 130 countries exchanging financial information with the owner's country of residence, means HMRC is receiving an unprecedented amount of information about offshore accounts and assets of its residents. HMRC is using this information to write to UK residents, to prompt (nudge) them to bring their offshore affairs up to date if they have not already done so.

If you receive a nudge letter, it does not necessarily mean there is something to disclose but we would certainly recommend that you seek our assistance as to ignore it can cause HMRC to escalate their enquiries. HMRC tend to charge higher penalties if there is tax to pay and a nudge letter was issued so, again, this is a good reason to check now rather than adopt a 'wait and see' approach if you have any concerns.

We appreciate that liaising with HMRC on such matters can be very stressful but we have lots of experience of doing so and will be able to liaise with HMRC on your behalf and help you move through the process to a conclusion if a disclosure is needed.

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I can do my job from anywhere, right?

For office based workers, March 2020's announcement of 'those who can work from home, should work from home' has led many employees to consider whether they could work elsewhere.

This new way of working has provided relocation opportunities, not only moving from the city to the countryside, but also abroad. However, if you move out of the country what are the tax impacts – both in the UK and overseas?

PAYE

Generally UK employees are taxed through their employer payroll, with PAYE deducted at source based on their PAYE codes. However, the taxing rights of employment income are based on several factors, the most important being the residency position of the employee and the place where the work is being undertaken.

A consequence of the employee working outside of the UK may expose the employer and employee to double taxation and risks filing incorrect UK payroll, as well as the possibility of creating wage tax withholding obligations for the employer in the overseas country.

UK national insurance and social security

The default position for social security (and specifically UK national insurance) is that the employee and employer pay social security to the country where the work is performed. However, the UK has a vast treaty network, as well as a post-Brexit agreement with the EU regarding relief from social security in certain circumstances. These agreements alter the default position and it can be complex to determine where the liability for social security arises.

The employer's contributions follow the employee's position, so an employee relocating overseas without the knowledge of their employer, can not only create a social security liability for themselves, but also have an unforeseen impact on their employer's exposure.

Employers often have an obligation to set-up an overseas payroll and pay employer social security in an overseas country. For one 'exceptional' employee this additional compliance and cost may be manageable, but if several employees start working in several places, the cost and complexity quickly mounts up.

It is also worth stressing that social security rates, for both employees and employers, can vary significantly between countries and UK national insurance is low in comparison with many countries, particularly those in continental Europe.

Given this increase in cost to the employer and the relocation being employee lead, it is not unusual to see employers wanting to adjust the employee's compensation package to account for their increased cost of employing the employee. Both UK and local labour laws will need to be consulted to ensure that any change to contracts are not in breach of employee regulations.

On a more local level, an employee currently based in London who seeks a more rural home life in Wales will find that their tax code must be adjusted for Welsh tax rates. This must be instigated by contacting HMRC to update their details.

In summary, remote working can be a minefield from a tax perspective and proper consideration, combined with specialist tax advice taken ahead of any relocation is strongly recommended. Those thinking of relocating should seek advice ahead of any planned move and only with the support of their employer. Employers are encouraged to contact our global mobility team for advice if they have employees located outside of England. Any individuals who wish to move overseas or come to the UK to live should seek residence advice from our private client teams. As a member of PKF, we can also arrange tax advice in an overseas jurisdiction.

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Meet the team

"When you are in the office you can bounce off people, especially if you have a query or want to talk through something. That has been one of the things I have found most difficult."

Sarah Brown is a newly promoted director in our Exeter office who looks after private individuals and their families.

Tell me a bit about yourself.

I started with EY in Exeter in 1998 as a tax trainee and then moved to Lloyds Private Banking working for four years in their tax department. I then moved back to EY as a supervisor and got promoted to a manager shortly after. I moved to Francis Clark in March 2013 as department manager and have very recently been promoted to director.

I have always worked in personal tax, preparing tax returns and giving tax advice. I have never actually produced a set of accounts! My clients are generally high net worth individuals and I spend quite a bit of my time advising on residency issues and clients with international aspects to their affairs. I also work with wider families and their wealth as well as individuals.

Why did you decide to become a tax adviser?

Before I went into tax, I always really liked numbers and have always found maths easy, so I was looking at various accounts and tax roles and the personal tax trainee role with EY really appealed to me. Then I found that I just really enjoyed it.

I like the compliance (tax return) process but advising clients and working with them to achieve their different ambitions and their end goals is really what I love about my job. They come to me with a problem and we find the solution. Everything is always changing in tax and even though clients may have similar issues, every client situation is different. No two days are the same and I am also always learning new things.

What has been your greatest achievement in your career?

Definitely being promoted to director – it was a goal I always wanted to achieve and feels like a real accomplishment. I chose not to go to university as I wanted to get my foot on the ladder and being made a director has confirmed to me that I am good at my job and the area I have specialised in. It means a lot; I am just really proud to work for this firm.

What has been your greatest challenge?

Going from senior manager to director took some time, I knew I was technically good, and I had achieved my CTA and everything that I was asked to do, but the promotion wasn't happening. I thought that to get promoted I just needed to be good technically, but it is also so important to understand how to be an effective leader and I spent time developing my leadership and coaching skills. My relationship with my team now is fantastic – the message is to be your authentic self not who you think you should be.

How have you found working from home?

I live on my own so not being around people has been quite hard as I'm a social person. When you are in the office you can bounce off people, especially if you have a query or want to talk through something. That has been one of the things I have found most difficult.

Managing my team remotely has worked better than I could ever have hoped. We have probably had more team meetings since lockdown than we ever had before. The use of video has been so much better than just a phone call. But I am looking forward to seeing them in the office again. We had a challenging tax return season this year, but the team worked really, really hard to hit that deadline. It makes me very proud to see how everyone pulled together in difficult circumstances.

How have you found keeping in touch with your clients?

I've had the same, if not more contact with my clients than normal. I do whatever they want - phone or video calls. I have offered this to some of my clients and they have preferred to wait until we can meet up in person, which of course is fine. I've got clients that are local, regional and a number in London – for those further away the video call works really well. At least they can put a face to a name, and I think they have appreciated it, I'm not just a name on the end of the email or the voice at the end of the phone.

What do you like to do outside of work?

I am a big fitness person – I do CrossFit and am generally very active. I cycle and run, but also love socialising with friends. I also help my mum care for my dad who has MS and I like going to Exeter Chiefs games when we are able. I am also an avid baker and bake all my family and friend's birthday cakes.

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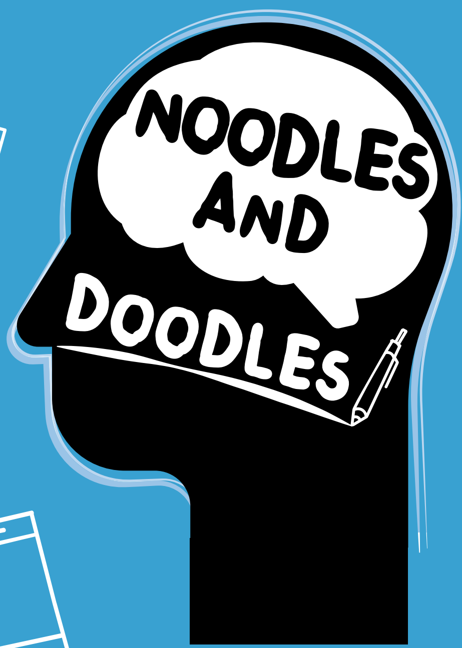

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Will Ashworth, CEO at Watergate Bay Hotel and Another Place

Mark Roberts, CEO at Lightfoot

Dave Harland, CEO at the Eden Project

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June:

Amanda Stansfield, MD and owner at Granny Gothards, the artisan ice-cream maker which now exports to Dubai, India, China and Australia

July:

Giles Letheren, CEO at Delt Shared Services, providers of back office support to the public sector, an independent company whilst wholly owned by the public sector

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