



Avoiding the little black rain cloud when buying a property in the sun

Geoff Taylor

Overseas property owned by Britons has surged from 102,000 in 1995 to 300,000 today, a trend which it is forecast to more than quadruple by 2025.

Whether for own use and pleasure, or purely as an investment opportunity, interest in the ownership of overseas property is at an all time high.

Many may be seasoned investors with a number of properties in their portfolio, but for others the purchase may be a one off. In any event, experience shows that all too often the purchase can be emotive and the chance of owning that dream property in the sun could soon be clouded by not knowing some of the pitfalls. Location and ownership aside, there are a number of myths where belief in them could prove to be costly.

Myth: Rental profits are not taxable in the UK

- True Position – yes they are if you are UK tax resident.

Myth: Rental Profits are only taxable in the UK if profits are remitted to the UK

- True Position – taxable whether or not you remit the profits back to the UK unless you are non-UK domiciled.

Myth: If I pay tax overseas I do not have to declare profits in the UK

- True Position – you must declare profits on your UK Tax Return but you will get relief for any overseas tax paid.

Myth: Capital Gains are not taxable in the UK

- True Position – Yes they are if you are a UK resident (or ordinarily resident). Applies even if you have to pay tax on the gain overseas, subject to DTR. Applies whether or not you remit proceeds to UK unless you are non-UK domiciled.

Undoubtedly the purchase of a property overseas has significant tax implications, both back in the UK and in the country you decide to buy. To avoid a nightmare purchase or the potential to face an unexpected financial loss, it is strongly recommended that tax planning advice is sought prior to purchase and that you consider the tax regime both in the country of your choice and in the UK.

These notes are for general guidance only. No liability is accepted by Streets for actions taken in reliance upon these notes and it is essential that detailed advice relating to the particular circumstances of the case in question should always be obtained before action is taken.

Streets is a trading style of Streets LLP, Streets Northern LLP, Streets Southern LLP, Streets Tax LLP, Streets Audit LLP and Streets Financial Consulting plc Streets LLP (registered number OC309545), Streets Audit LLP (registered number OC309381), Streets Northern LLP (registered number OC309382), Streets Southern LLP (registered number OC309380) and Streets Tax LLP (registered number OC309379) are all Limited Liability Partnerships registered in England. Their registered office is Tower House, Lucy Tower Street, Lincoln LN1 1XW. A list of the names of the members is available for inspection at this address. Streets Audit LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work Streets Financial Consulting plc (registered number 2029793). Registered office : Tower House, Lucy Tower Street, Lincoln LN11 1XW. A list of directors is available for inspection at this address. Streets Financial Consulting plc is authorised and regulated by the Financial Services Authority
For regulation purposes, corporate finance work undertaken may be dealt with by Streets Financial Consulting plc, which is authorised and regulated by the Financial Services Authority

STREETS

Tower House
Lucy Tower Street
Lincoln
Lincolnshire
LN1 1XW

Tel: 01522 551200
Fax: 01522 533234

St Peters Chambers
2 Bath Street
Grantham
Lincolnshire
NG31 6EG

Tel: 01476 590838
Fax: 01476 590795

Halifax House
30 George Street
Hull
East Yorkshire
HU1 3AJ

Tel: 01482 225399
Fax: 01482 219964

Lloyd's Building
12 Leadenhall Street
London
EC3V 1LP

Tel: 020 7816 5827
Fax: 020 7816 5826

87 Park Road
Peterborough
Cambridgeshire
PE1 2TN

Tel: 01733 312191
Fax: 01733 896214

Churchgate House
33 Churchgate
Retford
Nottinghamshire
DN22 6PA

Tel: 01777 869955
Fax: 01777 869962

e enquiries@streetsweb.co.uk
www.streetsweb.co.uk