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SPOTLIGHT ON:

Working abroad: Getting your UK tax residence right

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HOW TO MANAGE YOUR UK TAX POSITION WHEN LIVING OR WORKING OVERSEAS

Spending time abroad for work has become much more common. You might be moving for a posting, taking a permanent role overseas, working remotely from another country, or returning to the UK after several years away.

What often surprises people is how far UK tax can follow them. Leaving the country does not automatically make you a non-UK resident, and becoming a non-resident does not always remove you from the UK tax system completely.

This guide explains how UK tax residence works in 2026/27, what can still be taxable in the UK when you live abroad, and the planning points to consider before you leave, while you are overseas, or before you return.

WHY RESIDENCE MATTERS

UK tax residence determines the scope of your UK tax liability. If you are a UK resident, you are generally taxable in the UK on your worldwide income and gains, subject to specific reliefs and treaty rules.

If you are a non-UK resident, you are usually taxable only on UK-source income, certain UK gains and a limited range of other items.

Getting this wrong can be expensive. If HMRC later decides that you remained a UK resident in a year in which you treated yourself as non-resident, overseas salary, foreign investment income and offshore gains may be subject to UK tax. Interest and penalties can also apply.

Residence should therefore be checked before you move, not after the tax return deadline.

THE STATUTORY RESIDENCE TEST

Since 2013, UK tax residence has been determined by the Statutory Residence Test (SRT). The test works in a fixed order:

1. First, you look at the automatic overseas tests. If you meet one of these, you are a non-UK resident for that tax year.
2. If you do not meet an automatic overseas test, you look at the automatic UK tests. If you meet one of these, you are a UK resident for that tax year.
3. If neither set of automatic tests gives an answer, you apply the sufficient ties test. This looks at how many days you spend in the UK and how many connections, or “ties”, you have here.

Day counting is central to the SRT. You are normally treated as spending a day in the UK if you are here at midnight at the end of that day. There are limited exceptions, including some transit days and exceptional circumstances.

There is also a deeming rule that can catch repeated short visits where you are present in the UK during the day but leave before midnight. It applies if you were a UK resident in one or more of the three previous tax years, have at least three UK ties for the year, and have more than 30 of these “in but not at midnight” days. Once the rule bites, those extra days count towards your UK day total. For anyone close to the limits, proper day records are essential.

THE AUTOMATIC OVERSEAS TESTS

The automatic overseas tests are the clearest routes to non-residence. You will usually automatically be a non-UK resident for the tax year if one of the following applies:

- You were a UK resident in one or more of the previous three tax years and spent fewer than 16 days in the UK in the current tax year.
- You were not a UK resident in any of the previous three tax years and spent fewer than 46 days in the UK in the current tax year.
- You work full-time overseas for the tax year, with no significant break from overseas work, spend fewer than 91 days in the UK, and work for more than three hours in the UK on fewer than 31 days.

The third test is often the most relevant for someone moving abroad for work. It is also one of the easiest to fail by accident.

For SRT purposes, full-time overseas work means working “sufficient hours” overseas. Broadly, this is an average of at least 35 hours a week, calculated under detailed rules. A significant break is generally a period of at least 31 consecutive days without overseas work, subject to exceptions such as annual leave, sick leave and other reasonable absences.

Small details can matter. A longer return visit to the UK, too many UK workdays, or a break between contracts can change the outcome.

THE AUTOMATIC UK TESTS

If none of the automatic overseas tests applies, the automatic UK tests come next. You will usually automatically be a UK resident if one of the following applies:

- You spend 183 days or more in the UK in the tax year.
- You have a UK home available for a continuous period of at least 91 days, at least 30 of those days fall in the tax year, you use that home for at least 30 days, and you either have no overseas home or spend too little time (fewer than 30 days) in your overseas home.
- You work full-time in the UK over a 365-day period, with more than 75% of your workdays in that period being UK workdays. All or part of that 365-day period must fall in the tax year, and at least one of those UK workdays must too.

The home test is a common trap. Some people assume they have left the UK because they live and work abroad, but they keep a UK property and continue to use it during visits.

Selling the UK property, renting it on a commercial long-term basis, or otherwise restricting access may help, but the facts need to be carefully reviewed.

THE SUFFICIENT TIES TEST

If the automatic tests do not settle the answer, the sufficient ties test applies.

This test looks at your UK ties and the number of days you spend in the UK. The more ties you have, the fewer UK days it can take to become a UK resident. The five main ties are:

- Family tie, where you have a UK-resident spouse, civil partner, cohabiting partner or minor child.
- Accommodation tie, where UK accommodation is available to you for a continuous period of at least 91 days, and you spend at least one night there. If the accommodation belongs to a close family member, you need to spend at least 16 nights there in the tax year before it counts as a tie.
- Work tie, where you work in the UK for more than three hours on at least 40 days in the tax year.
- 90-day tie, where you spent more than 90 days in the UK in either of the two previous tax years.
- Country tie, which applies only to “leavers” and is met where the UK is the country in which you spend the greatest number of days.

The thresholds are tighter for leavers, broadly people who were UK residents in one or more of the previous three tax years, than for arrivers.

This is why two people can spend the same number of days in the UK and reach different residence outcomes. Their history and UK ties may differ.

SPLIT YEAR TREATMENT

The default UK tax rule treats a tax year as wholly resident or wholly non-resident. That can feel odd where someone leaves or arrives partway through the year.

Split year treatment can divide the tax year into a UK part and an overseas part. Income and gains are then taxed according to the part of the year in which they arise.

There are eight sets of circumstances where split year treatment may apply.

They cover different leaving and arriving situations, including starting full-time work overseas, ceasing to have a UK home, accompanying a partner who starts full-time work abroad, starting to have a UK home, and starting full-time work in the UK.

For someone leaving the UK for an overseas job, the most common route is starting full-time work overseas.

Split year treatment is not automatic. You must meet the conditions of a specific case and report the position correctly on the SA109 supplementary pages of your Self Assessment return.

WHAT REMAINS TAXABLE WHEN YOU ARE A NON-RESIDENT

Becoming a non-UK resident does not switch off UK tax completely. UK tax may still apply to:

- Rental profits from UK property.
- UK employment income for duties physically performed in the UK.
- UK pensions depend on the type of pension and the relevant double tax treaty.
- Gains on UK property or land, including direct and some indirect disposals.
- Certain UK-source investment income, although special rules can limit the UK tax due in some cases.

Non-residents disposing of UK property or land usually need to report the disposal to HMRC within 60 days of completion, even if there is no tax to pay, a loss is made, or they are already in Self Assessment.

UK rental income also needs care. Non-resident landlords may need to register under the Non-Resident Landlord Scheme. Under that scheme, the letting agent or tenant can deduct tax from rents (at a rate of 20%) unless HMRC gives approval for rent to be paid gross.

A further point is “disregarded income”. This can limit the UK tax due on certain UK dividends, savings income and other passive income for non-residents. However, claiming the treatment can mean losing the UK personal allowance, so the calculation needs care.

Where the same income is taxable in both the UK and the overseas country, a double tax treaty may decide which country has primary taxing rights and how double taxation is relieved. Treaty wording varies, so the position should be checked before the income arises.

NATIONAL INSURANCE AND SOCIAL SECURITY

Income tax residence and National Insurance do not follow the same rules.

If you work abroad, you will usually pay social security contributions in the country where you work. However, you may need to continue paying UK National Insurance if you are posted overseas by a UK employer or if a social security agreement applies. GOV.UK says you may need a certificate to show that you continue to pay UK National Insurance.

For work in a country with a social security agreement with the UK, this may involve a certificate of coverage. For some EU, EEA and Swiss situations, an A1 certificate may be relevant.

The rules depend on where you work, who your employer is, how long you expect to be overseas, and whether your move is temporary or permanent.

Voluntary National Insurance also changed from 6 April 2026. For 2026/27 onwards, GOV.UK says people cannot pay voluntary Class 2 National Insurance contributions for time abroad. Class 3 contributions may still be possible, but new applications generally require either 10 continuous years of UK residence or 10 qualifying years on your National Insurance record.

This is a major change from the previous position, so anyone moving abroad should check their State Pension record and NI options before leaving.

THE FOUR-YEAR FIG REGIME FOR NEW AND RETURNING UK RESIDENTS

For people arriving in the UK, or returning after a long period abroad, the foreign income and gains regime is now a key planning point.

From 6 April 2025, the remittance basis was abolished. The old domicile-based system has been replaced by a residence-based system. UK residents are taxed on the arising basis on their worldwide income and gains, unless a specific relief applies.

The new foreign income and gains regime, often shortened to the FIG regime, allows qualifying new residents to claim relief on eligible foreign income and gains arising during their first four years of UK residence.

To qualify, you generally need to be in one of your first four UK tax years of residence after at least 10 consecutive tax years of non-UK residence.

Two points are especially important.

First, claiming FIG relief means losing the UK personal allowance and the annual exempt amount for capital gains tax for that tax year. The tax savings from foreign income and gains must be weighed against the allowances lost.

Second, the four-year window runs from the first year of UK residence. If you do not claim in one of those years, you cannot carry that year forward.

For former remittance basis users, the Temporary Repatriation Facility may also be relevant. It allows certain pre-6 April 2025 foreign income and gains to be designated and brought to the UK at a reduced tax rate. The published rates are 12% for designations made in 2025/26 and 2026/27, rising to 15% for 2027/28. The facility is temporary and will close after 5 April 2028.

THE TEMPORARY NON-RESIDENCE RULES

The temporary non-residence rules are an important trap for people who leave the UK and later return.

Broadly, if you leave the UK and return after a short period of non-residence, certain income and gains realised while you were non-resident can be taxed when you become a UK resident again. These rules are designed to prevent people from becoming non-residents briefly to extract profits, realise gains, or take certain payments outside the UK tax net.

The rules can apply to:

- Capital gains on assets owned before departure.
- Certain dividends from close companies, including many owner-managed companies.
- Certain pension lump sums and pension flexibility payments.
- Certain distributions made on the winding up of a close company.

One recent change is worth flagging. The November 2025 Budget closed the “post-departure trade profits” carve-out for dividends and distributions from close companies. For individuals returning to the UK on or after 6 April 2026, all such dividends received while temporarily non-resident are within the rules, regardless of when the underlying profits arose.

The key period is usually five complete tax years of non-residence. This is not the same as simply spending five calendar years overseas.

For example, leaving partway through a tax year and returning partway through the fifth later tax year may not be enough. The exact dates matter.

The practical point is simple: a short move abroad to take dividends, sell assets, or access pension funds tax-free is unlikely to work if you later return to the UK within the temporary non-residence period.

RECORD-KEEPING

The burden of proving your residence usually sits with you.

HMRC can ask questions years later, and records created at the time are far more useful than reconstructed notes. Useful records include:

- A day-by-day log of UK arrivals and departures.
- Flight, train and ferry bookings.
- Boarding passes and passport stamps where available.
- Accommodation records in the UK and abroad, including leases, utility bills, council tax records and tenancy agreements.
- Employment contracts, timesheets and work calendars.
- A clear record of UK workdays and overseas workdays.
- Family records where a spouse, partner or children remain in the UK.
- Evidence that a UK home was unavailable, such as a long-term tenancy agreement.

For most people, a simple spreadsheet updated each time they travel is enough. It should record the date, country, whether they were in the UK at midnight, and whether they worked for more than three hours in the UK that day.

PLANNING POINTS BEFORE YOU LEAVE

Before moving abroad, it is worth checking:

- How many UK days you can spend here without becoming a UK resident.
- Whether your work pattern satisfies the full-time overseas work test.
- Whether your UK home creates a problem.
- Whether you can claim split year treatment.
- How UK duties will be taxed.
- Whether UK rental income needs Non-Resident Landlord Scheme registration.
- What happens to your National Insurance and social security position
- Whether the overseas country will tax your income, gains or pension.
- Whether a double tax treaty changes the answer.

It is also worth checking whether your move affects your employer. Remote work from another country can create payroll, social security, employment law, immigration and corporate tax issues for the business, not just personal tax points for the employee.

PLANNING POINTS BEFORE YOU RETURN

Before returning to the UK, consider:

- Whether the FIG regime is available.
- Whether you have been a non-UK resident for at least 10 consecutive tax years.
- Whether temporary non-residence rules could tax income or gains realised while abroad.
- Whether foreign assets should be sold, retained, or restructured before UK residence resumes.
- Whether overseas income will arise before or after you become a UK resident.
- Whether offshore funds contain pre-6 April 2025 foreign income and gains that may qualify for the Temporary Repatriation Facility.
- Whether your UK arrival date should be delayed or brought forward.

Timing can make a large difference. A return on 5 April and a return on 6 April can fall in different UK tax years, which may change the tax outcome.

FINAL THOUGHTS

Working abroad can be tax-efficient with good planning. Without it, it can lead to unexpected UK and overseas tax, double reporting, National Insurance problems, and difficult conversations with HMRC.

The biggest decisions usually need to be made before the move, not after it. These include when to leave, what to do with a UK home, how many days to spend in the UK, whether to claim split year treatment, how to manage UK duties, and when to return.

If you are planning to work overseas, are already abroad and unsure how UK tax applies, or are thinking about coming back to the UK, please get in touch. A short review early on can save time, tax and worry later.

If you need any advice, we are here for you. Speak to us.

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