This document sets out to summarise the split year treatment of the Statutory Residence Test (SRT). The full SRT legislation is complex and detailed, occupying 24 pages of Finance Act 2013. The below is a summary of key points intended to provide general guidance and should be read in conjunction with our ‘Statutory Residence Test’ summary sheet. However, we would strongly recommend that you obtain detailed advice from UHY on your individual circumstances.

The existing SRT concessions are to be put on a more comprehensive statutory basis for those who leave or come to the UK part-way through a tax year. The split will occur as follows:

- a UK part for which they are charged to UK tax as a UK resident; and
- an overseas part for which they are charged to UK tax as a non-resident.

For split year treatment to apply for 2013/14 and subsequent years, you must be UK resident under the SRT for the tax year in question and fall within one of the following eight sets of circumstances.

**CASE 1: BEGINNING FULL-TIME WORK OVERSEAS**

You must:

- have been UK resident for the previous tax year;
- be non-resident for the following tax year because you meet the SRT’s third automatic overseas test (undertaking full-time work overseas); and
- satisfy the overseas work criteria during ‘a relevant period’.

A relevant period is one that begins on a day in the tax year in question on which you do more than 3 hours’ work overseas and ends with the last day of the tax year. You will satisfy the overseas work criteria if you work sufficient hours overseas during the relevant period, have no significant break from overseas work, do not work for more than 3 hours in the UK on more than the permitted number of days, and spend no more than the permitted number of days in the UK (sufficient hours and permitted numbers of days are defined by reference to the length of that part of the tax year that elapses prior to the start of the relevant period).

The overseas part of the tax year starts on the first day of the relevant period.

**CASE 2: ACCOMPANYING A PARTNER WHO BEGINS FULL-TIME WORK OVERSEAS**

You must:

- have been UK resident for the previous tax year;
- be non-resident for the following tax year;
- have a partner (husband, wife or civil partner or someone you are living with as husband, wife or civil partner) who falls within Case 1 for the tax year in question or the previous tax year;
- have been living together in the UK in the tax year or the previous tax year, and move overseas so that you can live together while your partner is working overseas; and
- in the period beginning on the deemed departure day (the later of the day on which you join your partner overseas...
and the first day of the overseas part of your partner’s year) and ending on the last day of the tax year, have no home in the UK or spend the greater part of the time living in your overseas home and spend no more than the permitted number of days in the UK.

The permitted number of days is defined by reference to the length of that part of the tax year that elapses prior to the deemed departure day.

The overseas part of the tax year starts on the deemed departure day.

CASE 3: YOU LEAVE THE UK TO LIVE ABROAD AND CEASE TO HAVE A HOME HERE

You must:

• have been UK resident for the previous tax year;
• be non-resident for the following tax year; and
• have one or more homes in the UK at the start of the tax year and at some point in the year cease to have any home in the UK (a situation that continues for the rest of the tax year).

From the date on which you cease to have a home in the UK, you must spend fewer than 16 days in the UK and, in relation to a particular country, within 6 months either:

• be considered tax resident under domestic law; or
• have been present in that country at the end of each day for those 6 months; or
• have your only home, or all your homes, in that country.

The overseas part of the tax year starts on the date on which you cease to have a home in the UK.

CASE 4: STARTING TO HAVE YOUR ONLY HOME IN THE UK

You must:

• be non-resident for the previous tax year;
• not meet the ‘only home’ test at the start of the tax year, but meet it at some point in the tax year and continue to do so until the end of the tax year (you meet the test if your only home, or all your homes, are in the UK); and
• not meet the sufficient UK ties test for the part of the tax year before the day on which you meet the only home test (the sufficient ties test applies for those who do not meet the automatic tests under the SRT. The day count limits are reduced by reference to the period that elapses before you meet the only home test).

The overseas part of the tax year ends the day before the earliest point at which you meet the only home test.

CASE 5: STARTING FULL-TIME WORK IN THE UK

You must:

• be non-resident for the previous tax year;
• at some point in the tax year, start to meet the third automatic UK test (working sufficient hours in the UK over a period of 365 days without significant breaks) and continue to do so for the rest of the tax year; and
• not meet the sufficient UK ties test for the part of the tax year before the day on which you first meet the third automatic UK test (the day count limits are reduced by reference to the period that elapses before you meet the test).

The overseas part of the tax year ends the day before you first meet the third automatic UK test by working full-time in the UK.

CASE 6: CEASING FULL-TIME WORK ABROAD

You must:

• have not been UK resident for the previous tax year because you satisfied the third automatic overseas test (full-time work overseas);
• have been resident in the UK for one or more of the 4 tax years immediately preceding that year;
• be UK resident in the following tax year; and
• satisfy the overseas work criteria for a relevant period.

The relevant period begins with the first day of the tax year and ends with a day on which you do more than 3 hours’ work overseas.
To satisfy the overseas work criteria you must:

- work full-time overseas during the relevant period (the number of days for which you need to work more than 3 hours are calculated by reference to the length of the period);
- have no significant break from overseas work;
- not spend more than 3 hours in the UK on more than the permitted number of days; and
- spend no more than the permitted number of days in the UK.

The permitted numbers of days are calculated by reference to the length of the period.

The overseas part of the tax year will end on the last day of the latest period for which you satisfy the sufficient hours test, when tested between the beginning of the tax year and that day.

CASE 7: RETURNING OR RELOCATING TO THE UK WITH YOUR PARTNER

You must:

- have not been UK resident for the previous tax year;
- have a partner who falls within Case 6, either in the tax year in question or in the previous tax year;
- move to the UK during the tax year so you can continue to live with your partner on their return to the UK;
- be resident in the UK for the following tax year; and
- in the part of the year before the deemed arrival day (the later of the first day of the UK part of the year for your partner under Case 6 and the date on which you move to the UK to join your partner), either you have had no home in the UK or you have spent the greater part of the time living in your overseas home, and you have not exceeded the permitted number of days in the UK.

The overseas part of the tax year ends on the day before the deemed arrival day.

CASE 8: STARTING TO HAVE A HOME IN THE UK

You must:

- have not been UK resident for the previous tax year;
- be resident in the UK for the following tax year;
- have no UK home at the beginning of the tax year but start to have one during the year, and to continue to have a UK home for the remainder of that and the following tax year; and
- not have sufficient UK ties to make you UK resident during the period from 6 April to the date on which you start to have a UK home (with the day count limits adjusted for the length of the period).

The UK part of the tax year starts on the date you have a home in the UK.

IF MORE THAN ONE CASE APPLIES

For someone leaving the UK, Case 1 has priority over Case 2 and Case 3; Case 2 has priority over Case 3.

For someone arriving in the UK, if Cases 5 and 6 apply and the split year date under Case 5 is earlier than the split year date under Case 6, Case 5 has priority; otherwise Case 6 has priority.

If Cases 5 and 7 (but not Case 6) apply and the split year date under Case 5 is earlier than the split year date under Case 7, Case 5 has priority; otherwise Case 7 has priority.

If two or all of Cases 4, 5 and 8 apply (but neither Case 6 or 7), the Case which has priority is the one with the earliest split year date.

THE NEXT STEP

For further information on the split year treatment under the SRT, or to arrange a meeting to discuss your specific requirements, please contact your usual UHY contact. Alternatively, read more about us on our website at www.uhy-uk.com.