

## The Cleansing Opportunity

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The window of opportunity for increasing the pot of funds that can be remitted to the UK without UK tax by separating 'mixed funds' (funds that contain a mix of one or more of capital, gains and income) into their constituent parts is now well underway. This may be particularly useful when assets are sold (benefitting from the rebasing opportunity) to separate the proceeds into the constituent parts.

Transfers from 'mixed fund' accounts taking place between 6 April 2017 and 5 April 2019 can be nominated so that the usual rules which deem a transfer to be of income or gains in a way that is less beneficial from a UK tax point of view are switched off. This enables capital to be transferred to a new account or left behind, so that it is ready for later tax-free remittance to the UK. You need to be able to identify the make-up of the funds being transferred as if you nominate and transfer £100 of foreign income and you had only £90 of foreign income in the account before the transfer then the nomination would be invalid. Many accountants have devised software to enable quick calculation of the income, gains and capital in an account which will reduce costs in situations where there are multiple transactions.

If you are non UK domiciled (and not an FDR) and have claimed the remittance basis in any year between 2008/9 and 2016/17, it is worth considering taking advantage of this opportunity. We recommend seeking advice sooner rather than later as accountants will become increasingly busy in the run up to 5 April 2019 as more non-doms realise the value of this opportunity.

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