

FINANCE ACT 2013

EXPLANATORY NOTES

INTRODUCTION

Section 218, Schedule 45: Statutory Residence Test

Summary

1. **Section 218** and Schedule 45 introduce rules which determine an individual's residence for tax purposes. The rules are referred to collectively as the statutory residence test. The Schedule determines an individual's tax residence status by applying three sets of tests in order of priority: five automatic overseas tests; four automatic UK tests; and the sufficient ties test. An individual who is resident under the test will be resident for a full tax year. The Schedule provides cases in which the rule that a resident individual is taxed on the basis of residence for the whole year is relaxed in certain circumstances; in those circumstances the year is known as a "split year". The Schedule also provides that certain income and gains that arise during a period of temporary non-residence shall be charged to UK tax when the individual resumes UK residence.