

# **FINANCE ACT 2014**

---

## **EXPLANATORY NOTES**

### **INTRODUCTION**

#### ***Section 59: Remittance Basis and Split Year Treatment***

##### **Summary**

1. This section provides that foreign gains arising to a remittance basis user in the overseas part of a split year of residence and remitted in the UK part of the year are not charged to tax.

##### **Details of the Section**

2. The section inserts a new subsection (1A) into section 12 TCGA 1992 ensuring that foreign gains accruing in the overseas part of a split year of residence are not charged to tax regardless of when in the year they are remitted.
3. The rule applies to gains accruing from 6 April 2013.

##### **Background Note**

4. Schedule 45 of FA 2013 introduced a new Statutory Residence Test and contained rules (previously in extra-statutory concessions) to cater for a split year of residence for an individual coming to or leaving the UK. It provided that gains arising in the overseas part of the year were not charged. However, the consequential change in paragraph 95 of Schedule 45 to the rules for remittance basis users contained an inadvertent error, the effect of which is to wrongly charge their gains arising in the overseas part of the year and remitted in the UK part of the year. This section corrects that error.