

# COMPREHENSIVE GUIDE TO THE TAX IMPLICATIONS OF MOVING FROM THE UK TO DUBAI



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# Introduction

With the UK economy facing challenges and many individuals seeking better opportunities abroad, Dubai has emerged as a popular destination for expatriates. This guide provides a detailed overview of the tax implications for UK residents considering a move to Dubai, including residency rules, necessary forms, tax obligations, and professional advisory options.





# 1. Can You Legally Move to Dubai and Not Pay UK Tax?

Yes, it is possible to cease UK tax residency and establish tax residency in Dubai, thereby avoiding UK income tax on worldwide income.

**Key Condition:**\* To be considered non-resident in the UK, you must pass the \*Statutory Residence Test (SRT)\*\*.

**Tax Residency:**\* Once you are non-resident, you will typically only pay UK tax on UK-sourced income unless protected by the \*UK-UAE Double Taxation Agreement (DTA)\*\*. For example, private pensions paid from the UK to Dubai residents can be exempt from UK tax if the appropriate forms are completed.



## 2. How to Cease UK Tax Residency

### **Notify HMRC**

Complete Form P85 to inform HMRC of your departure from the UK.

Alternatively, declare your departure in the residence section of your Self Assessment tax return using supplementary pages (Form SA 109).

### **Residency Rules**

You may be regarded as non-UK resident the day after you leave if you qualify under split-year treatment.

Check\*\* if you qualify for split-year treatment, which applies when leaving mid-tax-year.

### **Residency Traps**

Be aware of the “temporary non-residence” rule: If you return to the UK within five years, you may be liable for UK tax on gains or income earned while abroad.



### 3. UK Tax Rules for Returning British Nationals

If you return to the UK after living in Dubai, your tax residency status will be reassessed based on:

**Days Spent in the UK:\*\*** Spending 183 or more days in the UK during the tax year can establish residency.

**Home Ties:\*\*** If your only home is in the UK for a continuous 91 days or more and you visited or stayed there for at least 30 days in the tax year, you may also be considered a UK tax resident.

**Work Ties:\*\*** Working full-time in the UK for any period of 365 days can also establish residency.

#### Temporary Non-Residence Rule

If you return to the UK within five years of leaving, you may be taxed on capital gains and certain types of income that arose while you were abroad.



## 4. Taxation of UK Pensions and Investments

### UK Pensions

Under the UK-UAE DTA, UK pension payments to Dubai residents can be exempt from UK tax if the correct procedures are followed.

To receive pensions tax-free, you must complete the relevant HMRC forms to allow your pension provider to pay gross (without UK withholding tax).

**Note:\*\*** Pensions for UK government service are typically taxed differently and may not be exempt.

### UK Investments

Income from UK investments (dividends, interest, capital gains) remains taxable unless you are non-resident and covered by the DTA.

Capital Gains Tax (CGT):\*\* You may still be liable for CGT on UK property sales or other assets if you retain UK residency or assets.



## 5. Inheritance Tax (IHT) Implications

UK IHT applies\*\* to your worldwide assets if you are UK domiciled or deemed domiciled, even if living in Dubai.

If you have been non-UK tax resident for at least 10 out of the last 20 years, you generally escape UK IHT on foreign assets.

Residency duration:\*\* If you are non-UK resident for less than 10 years, IHT applies to your worldwide assets.

## 6. Double Taxation Agreement (DTA)

The UK-UAE DTA ensures income is taxed only once where applicable, avoiding double taxation on employment income, pensions, dividends, and interest.

It clarifies residency and the taxing rights of each country, which is vital for tax planning.



## 7. Future Tax Law Changes

The UK has proposed reforms to its non-domicile regime, which could impact expatriates with UK and foreign income/assets.

Stay informed\*\* and consult tax professionals regularly to adapt your strategy.

## 8. Moving Company & Business Considerations

**Relocating your company:\*\*** You can move your company to Dubai, but UK tax laws will generally tax the owner on profits, with possible credits for taxes paid in Dubai.

**VAT Free Zones:\*\*** Dubai offers zones where goods/services are VAT-free within the zone and for exports outside the UAE.



## 9. Practical and Strategic Advice

Establish Dubai residency properly\*\* by fulfilling local immigration and tax residency requirements.

**Asset Structuring:\*\*** Use legal structures to optimize tax benefits and inheritance planning.

**Retirement Planning:\*\*** Transfer UK pensions to QROPS or explore Dubai-based schemes, bearing in mind UK tax rules.

**Banking & Tax Compliance:\*\*** Maintain detailed records of your moves, income, and assets for both jurisdictions.



## 10. Professional Tax Advisors for UK to Dubai Moves

### **Smooth Accounting**

Specialty:\*\* Expatriate tax advice, UK HMRC forms, tax planning.

Website:\*\* <https://smoothaccounting.co.uk/services/dubai-tax-accountant/>

Email:\*\* [info@smoothaccounting.co.uk](mailto:info@smoothaccounting.co.uk)

### **Alliotts LLP**

Specialty:\*\* Private client and expatriate tax advisory.

Website:\*\* <https://www.alliotts.com/expertise/private-client-advisory/uk-expats/>

Email:\*\* [info@alliotts.com](mailto:info@alliotts.com)

### **ESDG Accountancy**

Specialty:\*\* Tax planning, residency evaluation.

Website:\*\* <https://esdgaccountancy.com/post/moving-your-business-to-dubai-uk-tax-planning-and-important-considerations/>

Email:\*\* [info@esdgaccountancy.com](mailto:info@esdgaccountancy.com)



## **CST Tax**

Specialty:\*\* International tax, cross-border compliance.

Website:\*\* <https://csttax.com/regions/uk-expat-international-tax-accountants-and-advisors/>

Email:\*\* [info@csttax.com](mailto:info@csttax.com)

## **Blick Rothenberg**

Specialty:\*\* Global tax advice, expatriate planning.

Website:\*\* <https://www.blickrothenberg.com>

Email:\*\* [info@blickrothenberg.com](mailto:info@blickrothenberg.com)

## 11. Final Recommendations

- Plan ahead:\*\* Early planning ensures compliance and maximized tax benefits.
- Keep detailed records:\*\* Document all income, assets, and residency periods.
- Consult professionals:\*\* Tailored advice from tax experts minimizes risks.
- Stay updated:\*\* Tax laws evolve; stay informed through trusted advisors.





## Conclusion

Moving from the UK to Dubai can offer substantial tax advantages, including no personal income tax, favourable pension treatment, and inheritance planning benefits. Nonetheless, it requires careful legal and tax planning to avoid pitfalls such as UK residence traps or inheritance liabilities.

Always seek bespoke advice from qualified professionals to make your transition smooth, compliant, and financially optimized.

## Disclaimer

This document is for guidance purposes only. Tax laws are complex and subject to change. Always consult a qualified tax advisor before making decisions.



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