



## UK AUTUMN BUDGET 2017 – A SUMMARY OF KEY CROSS BORDER TAX REFORMS

Speaking yesterday, Philip Hammond, the UK Chancellor of the Exchequer, made his Autumn Budget Speech in Parliament. Set out below are a summary of tax announcements potentially affecting internationally-mobile individuals and cross-border aspects of UK-based multinationals.

- **Double Taxation Relief (DTR) and permanent establishment (PE) losses** – The government will restrict the amount of credit allowed, or deduction given, for foreign tax suffered by an overseas PE of a company, where the company has received relief in the foreign jurisdiction for the losses of the PE against profits other than those of the PE. The change will have effect on and after 22 November 2017.
- **Foreign Service Relief** - government will restrict foreign service relief on termination payments for employees that spend part of their employment overseas. The proposed changes will ensure that employees who are UK resident in the tax year their employment is terminated will not be eligible for foreign service relief on their termination payments.
- **Postponement of gains on branch assets on incorporation** – the government will correct an unjust anomaly for UK companies that have previously transferred the assets and trade of a foreign branch to an overseas company in exchange for the issue of shares in that company. The new measure ensures that a tax charge on the gains on the asset transfer is not triggered on a reconstruction, but instead postponed until overseas company sells the assets, or the UK company disposes of the shares in the overseas company.
- **Taxing non-residents' gains on immovable property** – the government will consult on taxing non-residents' gains on immovable property. This measure will broaden the UK's tax base to include disposals of UK commercial property by non-residents, both directly and indirectly, and will bring all companies

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into charge on disposals of residential property, and all persons into charge on indirect disposals of residential property.

## Contacts

Ontier's global presence and expert lawyers are ideally placed to assist your business with the challenges and opportunities that lie ahead. If you would like to discuss any of these issues further, please contact Deepash Patel ([deepash.patel@scaontier.com](mailto:deepash.patel@scaontier.com)).