HM Revenue & Customs

Foreign notes

Tax year 6 April 2008 to 5 April 2009

Contacts

Please phone:
- the number printed on page TR 1 of your Return
- the Helpline on **0845 9000 444**
- the Orderline on **0845 9000 404** for Help Sheets

or go to **www.hmrc.gov.uk**

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These notes will help you fill in the Foreign pages of your Tax Return. They do not attempt to explain everything that can be reported on these pages but cover the more common situations. There is much more information on our Help Sheets available at **www.hmrc.gov.uk** or from the Orderline.

The following items should not be included on the *Foreign* pages but on the relevant pages of your Tax Return instead:

- foreign income earned by your business or partnership goes on the *Self-employment* or *Partnership* pages
- any taxable capital gains arising from the disposal of overseas assets goes on the *Capital gains summary* pages
- foreign employment income goes on the *Employment* page.

If you wish to claim foreign tax credit relief (see page FN 3) on income and gains reported elsewhere on your Tax Return you will need to complete the *Foreign* pages.

How is your foreign income taxed?

Foreign income is usually charged to tax in the year in which it is received or occurs whether or not it is brought to the UK – this is known as the arising basis. Certain individuals are able to claim an alternative basis of calculating the amount of income to be charged. This is known as the remittance basis.

Remittance basis

Substantial changes have been made to the remittance basis of taxation from 6 April 2008 and you should refer to the *Residence, remittance basis etc. notes* and the guidance at **www.hmrc.gov.uk** for further details on these changes.

Claiming the remittance basis

Broadly, you can claim to be taxed on the remittance basis on your foreign income if you are:

- resident but not ordinarily resident in the UK, and/or
- resident but not domiciled in the UK.

You can claim to be taxed on the remittance basis on your foreign gains only if you are resident but not domiciled in the UK.

If you are planning to use the remittance basis for 2008–09, you will need to complete the *Residence, remittance basis etc.* pages to make your claim. You can get these from **www.hmrc.gov.uk** or the Orderline.

Meaning of 'remitted to the UK'

Foreign income or gains are 'remitted to the UK' if money or property is brought to, or received in, or used in the UK, or if a service is provided in the UK. If the remitted income or gains arose in a year you used the remittance basis, you should fill in the relevant pages in your Tax Return to show the full amounts of your foreign income and gains remitted.

Example 1

Rachel is non-UK domiciled and has claimed the remittance basis. She received a pension of £1,000 on which she paid foreign tax of £150, but only brought half of the net amount (£850) to the UK in the year ended 5 April 2009. The calculation is:

Pension received in UK	£425
Add foreign tax $^{425}/_{850}$ x 150	£ 75
	£500
Enter on page F 2 of the *Foreign* pages:	
Amount before tax taken off (column B)	£500
Foreign tax taken off (column C)	£ 75

The definitions of a taxable remittance may include remittances made to or by relevant persons, which includes your spouse or civil partner, and minor children or grandchildren.

The money or property does not always have to be physically imported from overseas. It may, for example, be received in the UK from another UK resident, in return for money, or assets representing income or gains, being transferred to them abroad.

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There are also rules relating to repayment of, or arrangements that can be treated as repayment of, UK linked loans, and gifts to gift recipients.

The remittance basis does not apply to gains under a policy of life insurance, life annuity or on a capital redemption policy which are taxable on the full amount arising in the year, irrespective of your domicile or residence status.

Unremittable income

This section only applies to income charged to tax on the arising basis. If you have any income from outside the UK that you were unable to bring into the UK, because of exchange controls or a shortage of foreign currency in the overseas country, then you can claim that the unremittable income should not be taxable in 2008–09. This does not apply in respect of income or benefit arising as a result of a transfer of assets (you will know if this applies to you).

Box 1 *If you were unable to transfer any of your overseas income to the UK*

If you are claiming that you have unremittable income put 'X' in box 1 and give full details of the country the income arose in, the amount in foreign currency and any foreign tax paid, in the 'Any other information' box on your Tax Return or on a separate sheet.

Income becoming remittable

If you had unremittable income in an earlier year that was not taxed in the UK because of an earlier claim, but could be brought into the UK in the year to 5 April 2009 because, for example, exchange controls were lifted, it is treated as arising in 2008–09. Include any income to which this applies even if it is not actually remitted to the UK. The amount of the income and any foreign tax charged should be converted to sterling using the exchange rate in force at the time when it becomes remittable. Enter the details and amounts in the boxes for the type of income.

Foreign tax credit relief

If your overseas income has had foreign tax deducted it may be possible to obtain relief from double taxation. Foreign tax credit relief is normally the best way to obtain such relief, but if you do not want to or cannot claim it, you can deduct the foreign tax when calculating the amount of income and gains chargeable to UK tax. You cannot do both.

Foreign tax credit relief is not always available or available on the full amount of foreign tax you have paid. Relief is subject to the following rules:

- you must be a UK resident (special rules apply in certain circumstances if you are a resident of the Isle of Man or the Channel Islands – ask us or your tax adviser for help)
- the income must arise in the foreign country and be properly chargeable under the foreign country's law
- the amount of foreign tax credit relief must not exceed the UK tax on the same item of income or gains
- where a Double Taxation Agreement exists between the UK and the other country the amount of foreign tax available for the relief is restricted to the minimum foreign tax payable under the terms of the Agreement
- if no Double Taxation Agreement exists, or the Agreement does not cover that particular foreign tax, relief is only available if the tax corresponds to UK Income Tax or Capital Gains Tax.

Double Taxation Agreements

A Double Taxation Agreement is an arrangement between two countries which is designed to alleviate the taxation of the same item of income or gains in both countries.

Example 2

John received interest of £1,000 on which foreign tax of £150 was deducted.

If the income is chargeable to UK tax at 20% and he claims foreign tax credit relief, his net liability will be: (£200 minus £150) = £50.

If he does not claim foreign tax credit relief but claims a deduction for the foreign tax, his liability will be: (£1,000 minus £150) = £850 x 20% = £170.

Tax deducted from dividends of the countries listed below is not eligible for foreign tax credit relief. The countries are:
Antigua
Australia (franked dividends only)
Belize
Cyprus
The Gambia
Guernsey
Isle of Man
Jersey
Kiribati
Malaysia
Malta
Montserrat
Singapore.

Although the tax is not available for credit relief, it can be deducted in calculating the amount of the dividend chargeable to UK tax.

Box 2 *If you are calculating your tax, enter the total foreign tax credit relief on your income*

You do not have to calculate your foreign tax credit relief yourself. We will do it for you if you complete the relevant boxes and make sure you send us your Tax Return by the appropriate filing deadline. Leave this box blank if you are not calculating your own foreign tax credit relief.

If you do want to calculate your foreign tax credit relief you will need Help Sheet 263 *Calculating foreign tax credit relief on income* to work out the amount of relief. Enter the total amount of relief in box 2.

Special Withholding Tax (SWT)

Special Withholding Tax (SWT) is an amount of tax withheld on certain payments to UK residents by some European Member States and related territories. This tax will be in addition to any foreign tax deducted. SWT is operated by the following territories:
Andorra
Austria
Belgium
British Virgin Islands
Gibraltar
Guernsey

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Isle of Man
Jersey
Liechtenstein
Luxembourg
Monaco
Netherland Antilles
San Marino
Switzerland
Turks & Caicos.

This tax is treated as a payment on account of your UK tax liability and can be repaid, if the amount exceeds the UK liability.

If you have claimed for your foreign income to be taxed on the remittance basis then the amount of income remitted is calculated by including the appropriate proportion of the SWT. You are still able to claim the whole amount of SWT deducted in the year at column D.

Example 3

Adam received interest of £1,000 from Jersey. Special Withholding Tax (SWT) of £150 was withheld. Adam is non-domiciled in the UK and claims for his foreign income to be taxed on the remittance basis. £425 of the interest was remitted to the UK.

Interest received in UK	£425
Add SWT $^{425}/_{850}$ x 150	£ 75
	£500

Enter on page F 2/F3 of the *Foreign* pages:

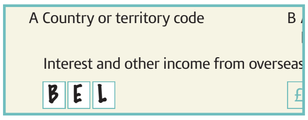
Amount before tax taken off (Column B)	£500
Special Withholding Tax (Column D)	£ 75

Income from overseas sources

All entries on pages F 2 and F 3 should be in UK sterling, not the foreign currency. Unless you have claimed the remittance basis, your income should be converted to sterling at the rate of exchange at the time when the income arose and the full amount reported in the relevant boxes whether or not it was brought into the UK. Income which is taxable when remitted to the UK should be converted to sterling at the rate of exchange on the date of remittance to the UK. If you are not sure of the exchange rate to be applied ask your tax adviser, or go to **www.hmrc.gov.uk**

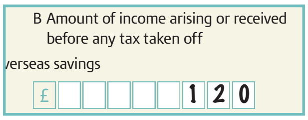
The following notes and examples will help you fill in these pages correctly:

- use a separate row for each country
- if you have more than one source of the same type of income from the same country – for example, more than one savings account from the same country – you can add them together (unless exceptionally there is a different tax treatment)
- if you do not have enough room for all your entries, send a separate schedule giving the same information for each type of income as shown on pages F 2 and F 3. But do complete the Total boxes shown on pages F 2 and F 3, including any amounts on separate schedules.



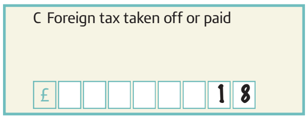
Column A

Enter the country code for the country in which the item of income arose. Country or territory codes begin on page FN 17 of these notes.



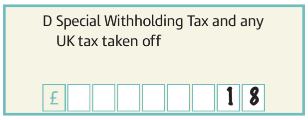
Column B

Enter the amount of income before deducting any foreign tax or Special Withholding Tax.



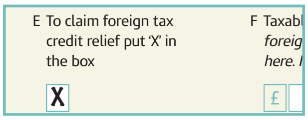
Column C

Enter the amount, in sterling, of the foreign tax paid on the income shown in column B.



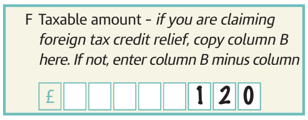
Column D

Enter the amount of any Special Withholding Tax deducted from the income. If any UK Income Tax has been deducted from the income this should also be included here and please give further details in the 'Any other information' box on your Tax Return.



Column E

If you are claiming foreign tax credit relief for this income put 'X' in this box – it is usually to your benefit but see page FN 3 for more information.



Column F

Enter the taxable amount. If you are claiming foreign tax credit relief the amount here should be the same as the figure in column B. If you are not claiming foreign tax credit relief the amount should be the amount in column B minus any amount in column C.

Interest and other income from overseas savings

Include:

- interest from foreign bank accounts, foreign company loan stocks, or from loans to individuals or other organisations outside the UK
- interest from overseas unit trusts and other investment funds. Your unit trust or fund voucher will show the interest paid, and any foreign tax or Special Withholding Tax paid. Ask the administrator of the trust or fund for a voucher if you do not have one
- income from a purchased life annuity. Income will only be part of the payment you receive – check your payment certificate or other advice from your annuity payer. Do not put the rest of the payment on your Tax Return. A purchased life annuity is not a retirement annuity, nor the result of contributions made to a personal pension plan
- any other income from overseas savings
- accrued income securities including all interest bearing securities. No profit arises and no loss is made for 2008–09 if the nominal value of all accrued income securities held at any time in 2008–09 and 2007–08 did not exceed £5,000. If the value is above £5,000 you will have to calculate profits or losses. Help Sheet 343 Accrued Income Scheme gives more information.

Boxes 3 and 4

Add up all the entries in columns D and F, including any amount on separate schedules, and put the totals in boxes 3 and 4 respectively.

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Dividends from foreign companies

Include:
- dividends from foreign companies. Your dividend voucher will provide the information needed
- dividends from overseas unit trusts and other investment schemes. Your unit trust or fund voucher will show the dividend and any foreign tax or Special Withholding Tax paid. Ask the administrator of the trust or fund for a voucher if you do not have one
- any other distributions from overseas sources, for example, company assets released to its shareholders (such as shares it holds in another company). Enter the value of such assets at the date of distribution. If you are unsure ask us or your tax adviser for help.

Exclude:
- distributions made in the course of the liquidation of a foreign company
- distributions that constitute a return of your capital interest in a foreign company
- distributions made by a foreign company in the form of its own stocks and shares. (This does not include shares received under any form of dividend reinvestment plan. For example, where you have asked for a cash dividend payable to be used to purchase further shares; these should be included in the dividends from foreign companies)
- stock dividends from foreign companies or bonus shares from a stock dividend issue made by a foreign company.

Where a distribution was not made in shares and you have accepted an option from a foreign company to receive cash instead of shares, the cash is taxable.

Boxes 5 and 6

Add up all the entries in columns D and F, including any amount on separate schedules, and put the totals in boxes 5 and 6 respectively.

Remittance basis applied for earlier years

If you are taxable on the arising basis but have remitted foreign dividends that arose in a year in which you were taxable on the remittance basis then enter the amount of remitted foreign income in box 4.

Dividend tax credits

UK residents who receive dividends from foreign companies are entitled to a dividend tax credit equal to one ninth of the dividend in certain circumstances. The same applies where the dividends are received by trustees but are treated as the settlor's income or you are taxable on the income because you have a non-discretionary entitlement to this trust income. This also applies to non-UK residents as long as they qualify for UK personal allowances. You can check if UK personal allowances are available to you at **www.hmrc.gov.uk**

The dividend tax credit is only available where the shareholding in the foreign company is less than 10% and the foreign company must not be an offshore fund. An offshore fund is an offshore collective investment scheme that may take the form of a non-resident company. Ask your financial advisor or broker if you are not sure whether the shares you hold are in an offshore fund.

Example 4

A UK Resident receives a dividend from a foreign company, in which he holds less than 10% of the shares. The dividend is £900, inclusive of withholding tax. The WHT tax rate is 10%.

Dividend (inc WHT of £90)		£ 900
Tax Credit (1/9)		£ 100
Gross Income for Tax		£1,000
UK tax charged at 32.5%		£ 325
Less:	Withholding tax at 10%	£ 90
	Tax Credit	£ 100
Net UK liability		£ 135

Box 7 ***Amount included in box 6 that does not qualify for UK tax credit***

If you have foreign dividend income that does not qualify for the dividend tax credit you need to complete this box. Leave the box blank if all your foreign dividends arise from your shareholdings of less than 10% in companies other than offshore funds.

Overseas pensions, social security benefits and royalties etc.

Complete this section if at any time during 2008–09 you received a pension or social security benefits from overseas. You should also include any pensions or annuities paid in the UK but on behalf of an overseas pension provider who is outside the UK.

Some overseas pension schemes are registered in the UK. Pensions from such schemes should not be returned on the Foreign pages but in the UK pensions, annuities and other State benefits received section (page TR 3) of your Tax Return. The scheme administrator will be able to tell you whether this applies to the pension scheme.

If you expect to start receiving a pension or annuity before 6 April 2010, enter details of the provider and annual amount in the 'Any other information' box on your Tax Return. This will help us get your PAYE tax code right for next year.

10% deduction

You can deduct 10% of the value of overseas pensions, annuities and social security pensions so that only 90% of the amount received will be taxable in the UK. The deduction is not available if you are claiming the remittance basis.

If you are claiming the 10% deduction or any exemption due, enter in column F the amount in column B minus:

- the 10% deduction or the exemption, and
- if you are not claiming foreign tax credit relief, any foreign tax entered in column C. If you are claiming foreign tax credit relief put 'X' in column E.

Exemption

Some foreign pensions are wholly or partly exempt from UK tax. These include:

- war widow's pensions and some pensions paid to other dependants of deceased forces and Merchant Navy personnel. Help Sheet 310 *War widow's and dependant's pensions* provides more information

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- foreign pensions awarded to former employees because of a work-related illness or injury at work, where the pension is more than it would have been had you retired, at the same time, for health reasons not caused by your work. The extra amount is not taxable
- pensions and annuities payable under German or Austrian laws
  – to victims of Nazi persecution
  – to pensioners prevented by persecution from making normal social security contributions and who have been given credit for the unpaid contributions, or purchased additional years
  – where the grant of the pension is dependent upon the exercise of a discretion by the granting authority.

If you are not sure whether your pension is exempt from UK tax, ask us or your tax adviser.

If, during 2008–09, you started to receive a German or Austrian pension (see above) please enclose a copy of the pension award ('Bescheid') with your Tax Return.

Arrears of foreign pension

If the amount of pension you received in 2008–09 included payments which relate to an earlier tax year you can claim to spread those payments back to the year they relate to as long as the pension is taxed on the arising basis. If you think this might be to your advantage, ask us or your tax adviser.

Social security benefits

Exclude foreign benefits that correspond to the following UK benefits:
- Incapacity Benefit (where the award was made for a period of incapacity which began before 13 April 1995)
- Incapacity Benefit paid during the first six months of your incapacity
- Attendance Allowance
- Disability Living Allowance
- Severe Disablement Allowance
- Maternity Allowance
- Guardian's Allowance
- Child Benefit.

Include all other foreign benefits. If you are unsure about whether a benefit should be included or not, ask us or your tax adviser.

Boxes 8 and 9

Add up all the entries in columns D and F, including any amount on separate schedules, and put the totals in boxes 8 and 9 respectively.

Dividends and all other income received by a person abroad

Boxes 10 to 13

If you have transferred, or taken any part in the transfer of assets, as a result of which income has become payable to a person abroad, you may need to complete these boxes. All items chargeable as income under the transfer of assets provisions should be entered in this section only. Help Sheet 262 *Income and benefits from transfers of assets abroad and income from Non-Resident Trusts* has more details on how you complete these boxes.

Income from land and property abroad

How you fill in pages F 4 and F 5 will depend on whether your income is taxable on the arising or remittance basis.

Arising basis

If your income is taxable on the arising basis, you are taxable on the full amount of your overseas rental income for the year ended 5 April 2009, whether you bring the income into the UK or not.

Fill in boxes 14 to 24 if:
- you have only one overseas let property, or
- you have more than one but they are all in the same country, and all the income is remittable, or
- you have more than one and there has been no foreign tax deducted from any of the income and all the income is remittable.

Otherwise you will need to take a copy of pages F 4 and F 5 and fill in boxes 14 to 24 for each overseas let property (for example, if you have more than one overseas let property and they are in different countries and have had some foreign tax taken off). If any overseas property income is unremittable, please read the notes on page FN 3.

You must also complete columns A to F and boxes 25 to 32 as appropriate (see the notes on pages FN 13 and FN 14).

Remittance basis

If you are claiming the remittance basis you are only taxable on the amount of income from overseas let property that you bring into the UK. Do not fill in boxes 14 to 24. You will need to complete columns A to F and boxes 27 to 30 in the 'Summary' section instead. See page FN 13.

Income and expenses

Box 14 *Total rents and other receipts (excluding taxable premiums for the grant of a lease)*

Include the full amount of any rents or other receipts you receive from any rights or interests you hold in land or property situated abroad, but exclude any chargeable premiums; these go into box 16.

Box 16 *Premiums paid for the grant of a lease*

If your rental business income includes premiums paid for the grant of a lease and other lump sum payments etc. given in connection with the right to possession of a property, these payments are taxable on a special basis. More information, including a Working Sheet, is on page UKPN 7 of the *UK property notes* available at **www.hmrc.gov.uk** or from the Orderline.

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Box 17 *Property expenses (rent, repairs, legal fees, cost of services provided)*

Generally, you can claim the running costs of your letting business as a deduction but you cannot claim, as property expenses, any capital costs. These are expenses relating to the purchase or sale of, or improvements, additions and alterations to, land or property, equipment, furnishings or furniture. But you may be able to claim capital allowances or a renewals deduction for these capital costs (see below).

Include all your allowable property expenses. Allowable expenses may include:
- rents, rates, insurance, ground rents, etc.
- property repairs and maintenance
- renewals – although you cannot claim these and capital allowances or the 10% wear and tear allowance
- interest and other finance charges
- legal, management and other professional fees
- costs of services provided, including wages
- other property expenses.

You cannot deduct:
- expenses incurred in connection with the first letting or subletting of a property for more than a year. These include legal expenses such as the cost of drawing up a lease, agents' and surveyors' fees and commission
- any costs of agreeing and paying a premium on renewal of a lease
- fees for planning permission or registration of title on property purchase.

There are more details in the *UK property notes* or the Property Income Manual both available at **www.hmrc.gov.uk**

Calculating profits and losses for tax purposes

Box 19 *Private use adjustment*

Personal expenses are not allowable as a business deduction so if you have included in box 17 any amounts that were not wholly for the property business, enter the private (non-business) proportion here. For example, if you let a property for only eight months in a year and you use it yourself for the other four months, you could include the full annual cost of insuring the property in box 17. If you do you should include the four months non-business cost in box 19.

Box 20 *Balancing charges*

There may be an adjustment called a balancing charge if, during the year you sell, give away or stop using an item in your business that you claimed capital allowances on. Help Sheet 250 *Capital allowances and balancing charges in a property rental business* explains this.

Box 21 *Capital allowances for equipment and vehicles*

You cannot deduct the cost of buying, altering, building, installing or improving 'fixed' assets such as property, equipment or machinery. Nor can you claim depreciation or losses when such assets are disposed of. Instead you can claim capital allowances, which reduce your profits (or increase a loss). Help Sheet 250 *Capital allowances and balancing charges in a property rental business* provides more details.

You cannot claim capital allowances for any furnished residential lettings.

Box 22 *Landlord's energy saving allowance*

You can claim for installing:
• loft, floor, cavity wall or solid wall insulation
• draught-proofing and insulation for hot water systems
in foreign residential let property. The maximum amount allowed for total expenditure on these items is £1,500 for each let property. If you own the let property with others, and the total expenditure on the let property exceeds £1,500, only claim for your proportionate share of £1,500.

Box 23 *10% wear and tear allowance*

If you let any furnished residential accommodation (such as a house or flat) you cannot claim capital allowances on any machines, furniture or furnishings supplied, or on any fixtures that are part of the building. Instead you may claim a renewals deduction in respect of the renewal of all such items in box 17. Or you may claim the 10% wear and tear allowance in box 23. But you cannot claim both.

The wear and tear allowance is equal to 10% of the net rents after deducting charges or services that a tenant would usually bear but which are, in fact, borne by you (such as local rates).

You cannot claim capital allowances for any furnished residential lettings.

Summary

Everyone who has income from land and property abroad needs to complete this section irrespective of whether they are taxed on the arising or remittance basis. The only exception to this is if you have claimed the remittance basis and have made no remittance in the year (see notes on page FN 2).

Arising basis

You must complete this section whether you have completed just one page for income and expenses or more than one.

If you completed just one set of boxes 14 to 24, copy the figure from box 24 to box 25 and complete columns A to F, as applicable, as instructed at FN 14. If you completed more than one set of boxes 14 to 24, you will need to pool the profit and losses of all your let properties to calculate the overall result. If you are claiming foreign tax credit relief you will need to identify the amount of UK tax attributable to each particular property: separate computations of profit and loss are needed for each property.

Remittance basis

If you claim to be taxed on the remittance basis you are only taxable on the amount of overseas property income that you bring to the UK.

Complete columns A to F as instructed below, entering the amount you brought into the UK. If any foreign tax was paid and you have not brought all the income into the UK, you will have to apportion the foreign tax accordingly.

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Example 5

Richard's overseas rents are £10,000, on which foreign tax of £2,000 was paid to the overseas tax authority. If Richard brings £6,000 of the net, after tax, income (£8,000) to the UK, the foreign tax attributable to that amount is:

$$^{6,000}/_{8,000} \times 2,000 = £1,500$$

Richard should enter £7,500 (that is, £6,000 plus £1,500) in column B and £1,500 in column C.

Losses

Boxes 26, 27, 31 and 32 in relation to losses are only to be completed by those making a claim to be taxed on the arising basis.

If there are losses available and a claim to foreign tax credit relief is being made, the losses should be deducted in the order most favourable to your claim. If you are calculating your foreign tax credit relief claim, you can find an example of this in our Property Income Manual PIM 4702 (go to **www.hmrc.gov.uk** and search the list of manuals).

Column A

Enter the country code where the property is situated. Country or territory codes begin on page FN 17 of these notes. (If you have properties in more than one country but are only filling in one set of boxes 14 to 24, enter the country code of the first property in column A and the codes for the others in the 'Any other information' box of your Tax Return.)

Column B

Enter the profit or loss from the let property (or, if you are claiming the remittance basis, the amount you brought into the UK).

Column C

Enter the amount of any foreign tax paid on the let income. If you are claiming the remittance basis and you have not brought all the rental income into the UK you will need to apportion the foreign tax accordingly (see Example 5).

Column D

Enter here any UK tax deducted.

Column E

If you wish to claim foreign tax credit relief put 'X' in the box.

Column F

If you have claimed foreign tax credit relief, and there is a profit in column B, copy the figure in column B here. If there are profits and losses from more than one foreign property, deduct any losses from profits in the order most favourable to any foreign tax credit relief claim before entering the net amount of profits from each property (after losses) in column F. If there is a loss from one foreign property, or if there are net losses from any property, leave column F boxes blank.

If you are not claiming foreign tax credit relief, you should enter the amount in column B minus any amount in column C.

Box 26 *Total loss brought forward from earlier years*

Enter here total unused losses from earlier years that are available to be deducted from your overall profit or added to your overall loss. This is the figure in box 32 on your 2007–08 *Foreign* pages.

Box 27 *Total taxable profits*

If the entry in box 25 is a profit, deduct any unused losses in box 26 that you want to set-off against profits (up to the amount in box 25) from the box 25 figure and enter the result here. If the entry in box 25 is negative (a loss) leave box 27 blank.

Boxes 28 and 29

Enter the total amount of any tax for which you are claiming credit in the relevant box, including any amounts shown on a separate schedule.

Box 30 *Total taxable amount*

Add up all the entries in column F, including any on a separate schedule, and then take off any losses brought forward included in box 26 which are to be set off against the total amount. Put the result in box 30 (enter '0' if the result is negative).

Box 31 *Loss offset against total income*

In certain limited circumstances you can claim to have the loss from your rental income set-off against your total 2008–09 income. You can only set-off the loss if it arises as a result of claims to capital allowances (and your capital allowances in box 21 exceed your balancing charges in box 20).

The loss that may be set-off is limited to the lowest of:

- the amount of any capital allowance in box 21, after deducting any balancing charges in box 20, or
- the amount of the loss in box 24, or
- the amount of your other income.

Enter the amount you wish to set off in box 31.

Box 32 *Total loss to carry forward to the following year*

If you have made a net profit (there is a positive amount in box 25), enter in box 32 the total of the loss brought forward in box 26 less any of that loss set off against the profit in box 25. If you have made a net loss (there is a negative amount in box 25), enter in box 32 the total of the loss in box 25 plus any losses brought forward from earlier years in box 26, minus any amount set off against total income in box 31. You will need the figure in box 32 to complete the *Foreign* pages on next year's Tax Return.

Foreign tax paid on employment, self-employment and other income

Fill in this section if you are claiming foreign tax credit relief on income or gains reported elsewhere on your Tax Return. If you have income from membership of Lloyd's please see Help Sheet 240 *Lloyd's underwriters* for guidance on completing this part of the *Foreign* pages.

Contacts

Please phone:

- the number printed on page TR 1 of your Return
- the Helpline on **0845 9000 444**
- the Orderline on **0845 9000 404** for Help Sheets

or go to **www.hmrc.gov.uk**

Column A

Enter the code for the country where your income arose and where foreign tax has been deducted. Country or territory codes begin on page FN 17 of these notes.

Column C

Enter in sterling the amount of the foreign tax paid.

Column F

Enter the gross amount of income (before any tax has been taken off) you have reported elsewhere and on which foreign tax has been paid.

Please provide details in the 'Any other information' box of your Tax Return, or on a separate schedule, of where on your Return this income is included (for example, on an *Employment* page and if more than one which one, or *Self-employment*, *Partnership*, *Trusts etc.* or *Capital gains summary* pages.)

If you have a business in the UK and the gross receipts of the business include income on which you have paid foreign tax you will need to work out the amount of overall profits that came from the overseas receipts.

If the source of income is the overseas branch of a UK business, enter in column F the gross profits earned by the branch and keep a copy of the branch accounts as we may ask you for a copy.

In certain circumstances if your business basis period for 2008–09 overlaps with your basis period for 2007–08 you may be able to claim foreign tax credit relief on the profits for the overlap period even though relief for the same tax may have already been allowed in working out your tax liability for 2007–08. Help Sheet 260 *Overlap* provides more information.

Capital gains – foreign tax credit relief and Special Withholding Tax

If you have a gain from a foreign country where you have had foreign tax deducted and you wish to claim foreign tax credit relief, complete boxes 33 to 40 as appropriate. All entries for gains and foreign taxes should be made in sterling. If you have more than one gain then please give the information requested at boxes 33 to 40 for each gain on a separate schedule. The totals for all gains and foreign tax paid (boxes 33 and 37) should be entered on the *Foreign* pages.

If you wish to claim foreign tax credit relief for any foreign tax paid on any capital gains, put 'X' in box 38. We will calculate the amount due as long as you have completed the appropriate boxes (and additional schedule if necessary) and have sent us your completed Tax Return by the appropriate filing date. If you calculate your foreign tax credit relief yourself enter the amount you are claiming in box 39. Help Sheet 261 *Foreign tax credit relief: capital gains* gives more information.

If the proceeds of a transaction resulting in a gain have had Special Withholding Tax deducted by one of the territories listed on pages FN 4 and FN 5, enter the total amount in box 40.

Other overseas income and gains

Box 41 ***Gains on disposals of holdings in offshore funds (excluding the amounts entered in box 13) and discretionary income from non-resident trusts***

You may need to make an entry in this box if you have:

- disposed of a material interest in an offshore fund, if that fund has not qualified for 'distributing fund status' throughout the period you have held your interest in it, or
- received a discretionary income payment from a non-UK resident trust.

To find out if your offshore fund has qualified for distributing fund status look at the annual accounts for each year you have held your interest, or you can ask the fund manager. A list of offshore funds, showing the years they have qualified for distributing fund status, is at **www.hmrc.gov.uk** and if your fund is not on the list, it means it has never had distributing fund status.

Where an offshore fund has not qualified for distributing fund status throughout the period you have held your material interest in it, the un-indexed gain on disposal of your interest in the offshore fund is subject to Income Tax as an 'offshore income gain' and the amount of the gain should be entered in box 41.

Some offshore funds that have qualified for distributing fund status operate 'equalisation arrangements'. For more information, and if you think this applies to your fund, go to **www.hmrc.gov.uk**

If you have received an income payment from a non-resident trust, Help Sheet 262 *Income and benefits from transfers of assets abroad and income from Non-Resident Trusts* has more detail on how to complete this box.

Box 42 ***If you have received a benefit from a person abroad, enter the value or payment received***

If someone else has transferred, or taken any part in the transfer of assets, as a result of which income has become payable to a person abroad, the value of the payment or any other benefit you receive may be treated as your income for tax purposes. If you think this applies to you (and you will probably know if it does) Help Sheet 262 *Income and benefits from transfers of assets abroad and income from Non-Resident Trusts* has more detail on how to complete this box.

Boxes 43 to 45 ***Gains on foreign life insurance policies, life annuities and capital redemption policies***

Complete boxes 43 to 45 if you have made a gain on a foreign life insurance policy, foreign capital redemption policy or foreign life annuity. Do not include in box 43 any amount(s) that you have already included in box 13.

If you have received a certificate from your insurer showing a 'chargeable event gain' then complete these boxes using the information on the certificate unless any of the following apply:

- you are not the sole owner of the policy (but if you jointly own the policy with your spouse or civil partner, you should each enter half of the gain)
- you have been resident outside the UK for part of the period since the policy was taken out
- on or after 21 March 2007 you paid premiums exceeding £100,000 in total into the policy or policies in a tax year and you received a rebate of commission in respect of those premiums or commission was reinvested in the policy as additional premium.

If any of the three situations applies to you, then you will need to look at Help Sheet 321 *Gains on foreign life insurance policies* before you can fill in boxes 43 to 45.

If you have made gains from more than one identical policy, you can add them together and treat them as one policy. But if you have made gains from more than one policy, and they are not identical, you will need to give details in the 'Any other information' box on your Tax Return, following the advice in Help Sheet 321.

If you have not received a certificate from your insurer showing the chargeable event gain then you will also need Help Sheet 321 to help you complete these boxes.

Box 46 ***If you have omitted income from boxes 11, 13 and 42 because you are claiming an exemption in relation to a transfer of assets, enter the total amount omitted***

The provisions described at boxes 10 to 13 and 42 do not apply if you can show for all the circumstances that the purpose of the transfer and any associated operations was not to avoid tax. But if you omit income for this reason from boxes 11, 13 and 42, you must enter the total amount of income you have omitted in box 46, together with details of the assets transferred and details of the offshore trusts, companies etc. involved in the 'Any other information' box on your Tax Return or on a separate schedule. Help Sheet 262 *Income and benefits from transfers of assets abroad and income from Non-Resident Trusts* provides further information.

Country or territory list

A '√' in the second column of the list below, shows that the UK has a Double Taxation Agreement (DTA) covering the named country or territory.

Country or territory	DTA	3-letter code
Afghanistan		AFG
Albania		ALB
Algeria		DZA
American Samoa *See Note G*		ASM
Andorra		AND
Angola		AGO
Anguilla		AIA
Antigua and Barbuda	√	ATG
Argentina	√	ARG
Armenia		ARM
Aruba		ABW
Australia	√	AUS
Austria	√	AUT
Azerbaijan	√	AZE
Bahamas		BHS
Bahrain		BHR
Bangladesh	√	BGD
Barbados	√	BRB
Belarus *See Note A*	√	BLR
Belgium	√	BEL
Belize	√	BLZ
Benin		BEN
Bermuda		BMU

Country or territory	DTA	3-letter code
Bhutan		BTN
Bolivia	√	BOL
Bosnia and Herzegovina *See Note B*	√	BIH
Botswana	√	BWA
Brazil		BRA
British Virgin Islands		VGB
Brunei Darussalam	√	BRN
Bulgaria	√	BGR
Burkino Faso		BFA
Burundi		BDI
Cambodia		KMH
Cameroon		CMR
Canada	√	CAN
Cape Verde		CPV
Cayman Islands		CYM
Central African Republic		CAF
Chad		TCD
Chile	√	CHL
China	√	CHN
Christmas Island *See Note D*	√	CXR
Cocos (Keeling) Islands *See Note D*	√	CCK
Colombia		COL

Country or territory	DTA	3-letter code
Comoros		COM
Congo		COG
Cook Islands		COK
Costa Rica		CRI
Côte d'Ivoire	√	CIV
Croatia *See Note B*	√	HRV
Cuba		CUB
Cyprus	√	CYP
Czech Republic *See Note C*	√	CZE
Democratic Republic of the Congo (formerly Zaire)		COD
Denmark	√	DNK
Djibouti		DJI
Dominica		DMA
Dominican Republic		DOM
Ecuador		ECU
Egypt	√	EGY
El Salvador		SLV
Equatorial Guinea		GNQ
Eritrea		ERI
Estonia	√	EST
Ethiopia		ETH
Faroe Islands		FRO
Falkland Islands	√	FLK
Fiji	√	FJI
Finland	√	FIN
France	√	FRA
French Guiana *See Note E*	√	GUF
French Polynesia *See Note F*		PYF
Gabon		GAB
Gambia	√	GAM
Georgia	√	GEO
Germany	√	DEU
Ghana	√	GHA
Gibraltar		GIB
Greece	√	GRC
Greenland		GRL
Grenada	√	GRD
Guadeloupe *See Note E*	√	GLP
Guam *See Note G*		GUM
Guatemala		GTM
Guernsey	√	GSY
Guinea		GIN
Guinea-Bissau		GNB
Guyana	√	GUY
Haiti		HTI

Country or territory	DTA	3-letter code
Honduras		HND
Hong Kong (SAR)		HKG
Hungary	√	HUN
Iceland	√	ISL
India	√	IND
Indonesia	√	IDN
Iran		IRN
Iraq		IRQ
Ireland (Republic of)	√	IRL
Isle of Man	√	IOM
Israel	√	ISR
Italy	√	ITA
Jamaica	√	JAM
Japan	√	JPN
Jersey	√	JSY
Jordan	√	JOR
Kazakhstan	√	KAZ
Kenya	√	KEN
Kiribati	√	KIR
Kuwait	√	KWT
Kyrgyzstan *See Note A*	√	KGZ
Laos		LAO
Latvia	√	LVA
Lebanon		LBN
Lesotho	√	LSO
Liberia		LBR
Libya		LBY
Liechtenstein		LIE
Lithuania	√	LTU
Luxembourg	√	LUX
Macao (SAR)		MAC
Macedonia (FYR)	√	MKD
Madagascar		MDG
Malawi	√	MWI
Malaysia	√	MYS
Maldives		MDV
Mali		MLI
Malta	√	MLT
Marshall Islands		MHL
Martinique *See Note E*	√	MTQ
Mauritania		MRT
Mauritius	√	MUS
Mayotte *See Note F*		MYT
Mexico	√	MEX
Micronesia		FSM
Moldova		MDA

Country or territory	DTA	3-letter code
Monaco		MCO
Mongolia	√	MNG
Montenegro *See Note B*	√	MNE
Montserrat	√	MSR
Morocco	√	MAR
Mozambique		MOZ
Myanmar (also known as Burma)	√	MMR
Namibia	√	NAM
Nauru		NRU
Nepal		NPL
Netherlands	√	NLD
Netherlands Antilles		ANT
New Caledonia *See Note F*		NCL
New Zealand	√	NZL
Nicaragua		NIC
Niger		NER
Nigeria	√	NGA
Niue		NIU
Norfolk Island *See Note D*	√	NFK
North Korea		PRK
Northern Mariana Islands *See Note G*		MNP
Norway	√	NOR
Oman	√	OMN
Pakistan	√	PAK
Palau		PLW
Panama		PAN
Papua New Guinea	√	PNG
Paraguay		PRY
Peru		PER
Philippines	√	PHL
Pitcairn Island		PCN
Poland	√	POL
Portugal	√	PRT
Puerto Rico *See Note G*		PRI
Qatar		QAT
Reunion *See Note E*	√	REU
Romania	√	ROU
Russian Federation	√	RUS
Rwanda		RWA
St. Helena and Dependencies		SHN
St. Kitts and Nevis	√	KNA
St. Lucia		LCA
St. Pierre and Miquelon *See Note F*		SPM
St. Vincent and the Grenadines		VCT
Samoa		WSM
San Marino		SMR

Country or territory	DTA	3-letter code
Sao Tome and Principe		STP
Saudi Arabia		SAU
Senegal		SEN
Serbia *See Note B*	√	SRB
Seychelles		SYC
Sierra Leone	√	SLE
Singapore	√	SGP
Slovak Republic	√	SVK
Slovenia *See Note B*	√	SVN
Solomon Islands	√	SLB
Somalia		SOM
South Africa	√	ZAF
South Korea	√	KOR
Spain	√	ESP
Sri Lanka	√	LKA
Sudan	√	SDN
Suriname		SUR
Svalbard and Jan Mayen Islands *See Note H*		SJM
Swaziland	√	SWZ
Sweden	√	SWE
Switzerland	√	CHE
Syria		SYR
Taiwan	√	TWN
Tajikistan *See Note A*	√	TJK
Tanzania		TZA
Thailand	√	THA
Timor-Leste		TLS
Togo		TOG
Tokelau		TKL
Tonga		TON
Trinidad and Tobagou		TTO
Tunisia	√	TUN
Turkey	√	TUR
Turkmenistan *See Note A*	√	TKM
Turks and Caicos Islands		TCA
Tuvalu	√	TUV
Uganda	√	UGA
Ukraine	√	UKR
United Arab Emirates		ARE
United Kingdom		GBR
United States of America	√	USA
United States Virgin Islands *See Note G*		VIR
Uruguay		URY
Uzbekistan	√	UZB
Vanuatu		VUT
Vatican		VAT

Country or territory	DTA	3-letter code
Venezuela	√	VEN
Vietnam	√	VNM
Wallis and Futuna Islands *See Note F*		WLF
Yemen		YEM
Zambia	√	ZMB
Zimbabwe	√	ZWE
None of the above *See Note J*		ZZZ

A

Entitlement continues under the Double Taxation Agreement the UK had with the former Soviet Union until such time as a new Double Taxation Agreement takes effect.

B

Entitlement continues under the Double Taxation Agreement the UK had with the former Yugoslavia until such time as a new Double Taxation Agreement takes effect.

C

Entitlement generally continues under the Double Taxation Agreement the UK had with the former Czechoslovakia.

D

These territories are part of Australia, in a geographical sense, for the purposes of the Double Taxation Agreement between the UK and Australia. However, the validity of any particular claim under the Double Taxation Agreement could depend on you being a resident of Australia for Australian tax purposes.

E

These territories are 'departements d'outre-mer' and are therefore an integral part of France for the purposes of the Double Taxation Agreement between the UK and France.

F

These territories are not covered by the Double Taxation Agreement between the UK and France.

G

These territories are not covered by the Double Taxation Agreement between the UK and the United States of America.

H

The Kingdom of Norway includes these territories, but they are not part of Norway for the purposes of the Double Taxation Agreement between the UK and Norway.

J

Please give details in the additional information box.