

Your client, Dan, requires advice on the inheritance tax implications arising as a result of the recent death of his father, Noah, Dan's own UK residence status, and the potential chargeable gain arising on his proposed disposal of his UK house.

**Dan:**

- Is domiciled in the country of Skarta.
- Is unmarried, and has no children.
- First became resident in the UK on 1 July 2012.
- Left the UK on 1 January 2016 to go travelling.
- Returned to the UK for the first time on 15 May 2017, when his father was taken ill.
- Intends to work part time in the UK throughout the month of July 2017 only.
- Will remain in the UK until 5 August 2017, when he intends to move permanently to Skarta.

**Dan – disposal of his UK house:**

- Dan purchased a house in the UK on 1 October 2012 for £286,000, where he lived until 1 January 2016.
- He has not lived in the house since this date.
- He allowed his father, Noah, to live in the house, rent-free, until his father's death.
- He has agreed to sell the UK house on 1 August 2017 for £318,000.
- The house was valued at £297,000 on 5 April 2015.

**Required:**

(b) (i) On the assumption that Dan does not satisfy either of the automatic tests for determining his UK residence status, explain why Dan will NOT be resident in the UK for tax purposes in the tax year 2017/18. (5 marks)