

Up to and including the tax year 2014–15, Dill was always resident in the United Kingdom (UK), being in the UK for more than 300 days each tax year. She was also resident in the UK for the tax year 2016–17. However, during the tax year 2015–16, Dill was overseas for 305 days, spending just 60 days in the UK. Dill has a house in the UK and stayed there on the 60 days which she spent in the UK. She also has a house overseas. For the tax year 2015–16, Dill did not have any close family in the UK, did not do any work in the UK and was not treated as working full-time overseas.

On 6 April 2016, Dill returned to the UK and commenced employment with Herb plc as the IT manager. She also set up a small technology business which she ran on a self-employed basis, but this business failed and Dill ceased self-employment on 5 April 2017. The following information is available for the tax year 2016–17:

Employment

- (1) During the tax year 2016–17, Dill was paid a gross annual salary of £270,000.
- (2) In addition to her salary, Dill has been paid the following bonuses by Herb plc:

Amount	Date of payment	Date of entitlement	In respect of the four-month period ended
£			
16,200	31 December 2016	1 November 2016	31 July 2016
29,300	30 April 2017	1 March 2017	30 November 2016

- (3) Throughout the tax year 2016–17, Dill had the use of Herb plc's company gym which is only open to employees of the company. The cost to Herb plc of providing this benefit was £780.

- (4) Throughout the tax year 2016–17, Herb plc provided Dill with a home entertainment system for her personal use. The home entertainment system cost Herb plc £5,900 on 6 April 2016.

(5) During the tax year 2016–17, Dill's three-year-old son was provided with a place at Herb plc's workplace nursery. The total cost to the company of providing this nursery place was £7,200 (240 days at £30 per day).

(6) On 1 June 2016, Herb plc provided Dill with an interest-free loan of £80,000 which she used to renovate her main residence. No loan repayments were made before 5 April 2017.

(7) On 25 January 2017, Herb plc paid a health club membership fee of £990 for the benefit of Dill.

(8) During the tax year 2016–17, Dill used her private motor car for both private and business journeys. The total mileage driven by Dill throughout the tax year was 16,000 miles, with all of this mileage reimbursed by Herb plc at the rate of 25p per mile. However, only 14,500 miles were in the performance of Dill's duties for Herb plc.

(9) During the tax year 2016–17, Dill paid an annual professional subscription of £560 which is relevant to her employment with Herb plc. She also paid an annual membership fee of £1,620 to a golf club which she uses to entertain Herb plc's suppliers. Herb plc did not reimburse Dill for either of these costs.

(10) During the tax year 2016–17, Dill contributed the maximum possible tax relievable amount into Herb plc's HM Revenue and Customs' (HMRC) registered money purchase occupational pension scheme. The company did not make any contributions on her behalf. Dill has never previously been a member of a pension scheme.

Self-employment

For the tax year 2016–17, Dill's self-employed business made a tax adjusted trading loss of £58,000. Dill will claim relief for this loss against her total income for the tax year 2016–17.

Other income

(1) On 1 November 2016, Dill received a premium bond prize of £1,000.

(2) On 28 February 2017, Dill received interest of £1,840 on the maturity of savings certificates from NS&I (National Savings and Investments).

Required:

(a) Explain why Dill was treated as not resident in the United Kingdom for the tax year 2015-16. (3 marks)

Residence status

Days in UK	Previously resident	Not previously resident
Less than 16	Automatically not resident	Automatically not resident
16 to 45	Resident if 4 UK ties (or more)	Automatically not resident
46 to 90	Resident if 3 UK ties (or more)	Resident if 4 UK ties
91 to 120	Resident if 2 UK ties (or more)	Resident if 3 UK ties (or more)
121 to 182	Resident if 1 UK tie (or more)	Resident if 2 UK ties (or more)
183 or more	Automatically resident	Automatically resident