

News from Louis Letourneau.

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Louis Letourneau explains the ins and outs of offshore banking accounts and taxation for gay men.

Whenever I'm out and about in Soho, I am always pleasantly surprised at the number of guys I meet who have come to live in London from abroad. Strolling down Old Compton Street, I hear all kinds of accents and many different languages. The gay community seems even more cosmopolitan than London as a whole.

Maybe you're one of these guys who has come here, perhaps to work for a few years, or perhaps to put down more permanent roots. Maybe, like me, you came here to join your life partner – we're very proud of the fact that we were among the first couples to benefit from the extension of [immigration rights to same-sex partners](#) some years back.

What you may not know is that being a foreigner in the UK can have certain tax advantages. Under the current tax laws, a person who is not 'domiciled' in the UK is not taxed on income or gains that arise abroad, provided they are not brought into the UK. That word 'domiciled' confuses people. It's not the same as 'resident' or 'naturalised'. You are domiciled in the country where you have your closest links. So, even if you have been living here for many years, you may still be domiciled abroad, especially if you have maintained links with your home country, and intend to return there at some point in your life.

The upshot is that a non-domiciled individual living in the UK will be taxed on interest on money kept in a UK bank or building society account. If, instead, you keep your savings in an offshore account, and are careful not to bring any money from that account into the UK in any shape or form, you will not be taxed on it here (and, if the account's in a tax 'haven', you won't be taxed on it there, either).

But, I hear you say, what happens if I really need to bring that money here – maybe as a down payment on a bijou residence in Islington? Well, you could gift the money to your partner (while it is still abroad – so he would need an offshore account, too) and he could bring it into the country. If a married couple tried that, the Revenue would question it, but they don't seem to take the point about same-sex couples as yet, although this is likely to change when the [Civil Partnership proposals](#) become law.

So far, what I have said applies to anyone from abroad living here. The situation is even better if you have been seconded here for no more than three years by your employer. This is fairly common with multinational organisations and businesses. The big international banks and stockbrokers, for example, regularly send their most promising young employees to London for a couple of years to gain experience of one of the world's greatest financial markets. If you are in that position, you have even better opportunities

for saving tax, especially if you have to spend part of your working time abroad on business.

Say, for example, you are sent here from the States for two years. You are responsible for Western Europe, as well as the UK. You spend half your time in the London office and the other half meeting clients in your company's offices in Paris, Rome, Berlin, etc. While you would be resident in the UK for tax purposes, you would not be domiciled here and nor would you be 'ordinarily' resident – another strange Inland Revenue term meaning, broadly, habitually resident. As a result, a proportion of your income, corresponding to the proportion of your working time you spend out of the UK, could be paid into an offshore account and would be free of UK tax, provided you did not subsequently bring any of it back to the UK. What's more, if your employer has given you a company flat to live in while you're here, you may not even be taxed on it as a benefit of your employment.

This blissful tax situation may not last for ever. The last Conservative Government tried to clamp down on people from abroad who were living here but not paying very much UK tax. Rumour has it that they failed to change the law because of fierce opposition from an alliance composed of Saudis and Greek shipping magnates. Now, this Government is looking at the situation and may well succeed where the Tories failed.

The tax laws dealing with domicile and residence are very complicated but, if you think you may be able to benefit from them, you should get in touch with a [company like ours](#). Not only can we advise on [UK tax](#) and prepare your [tax return](#), but we can help set up offshore investments and trust structures to keep your wealth out of the Revenue's hands permanently.

Louis Letourneau is a Director of Isis Financial Planners Limited. Isis offers truly independent specialist advice to the gay community and can be contacted on 0845 1300 778 and email postbox@gayfinance.info. You can also visit the new website at www.gayfinance.info

Louis Letourneau, MA is an experienced independent financial adviser (IFA), specialist in financial planning and wealth management. He founded Rainbow Finance in 1995 and has consistently challenged financial companies and Government on their attitudes to gays, lesbians and same sex couples and was instrumental in the Inland Revenue to changing its guidance notes to recognise unmarried couples in pension benefits. His work has also resulted in life insurance companies starting to relax the discriminatory underwriting criteria toward gay men and people living with HIV. He was a founder of the Rainbow Research Project which surveys and educates private pension schemes in how they recognise unmarried couples on death benefits. He was also a founder member of the Stonewall Immigration Group (which campaigned for Immigration rights for same-sex couples, achieving a significant victory in April 1997) and helped set up the gaypartners.org initiative with gay.com in early 2001, campaigning for same-sex partnership rights. He speaks regularly on national and local radio.

For further advice on [Wills](#), [Life Assurance](#), [Tax](#), [Investments](#) and [Pensions](#), contact Isis Financial Planners:

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