EXPAT LIVING

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AUTUMN 2018

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UK Non-Resident Landlords – what are the tax implications?

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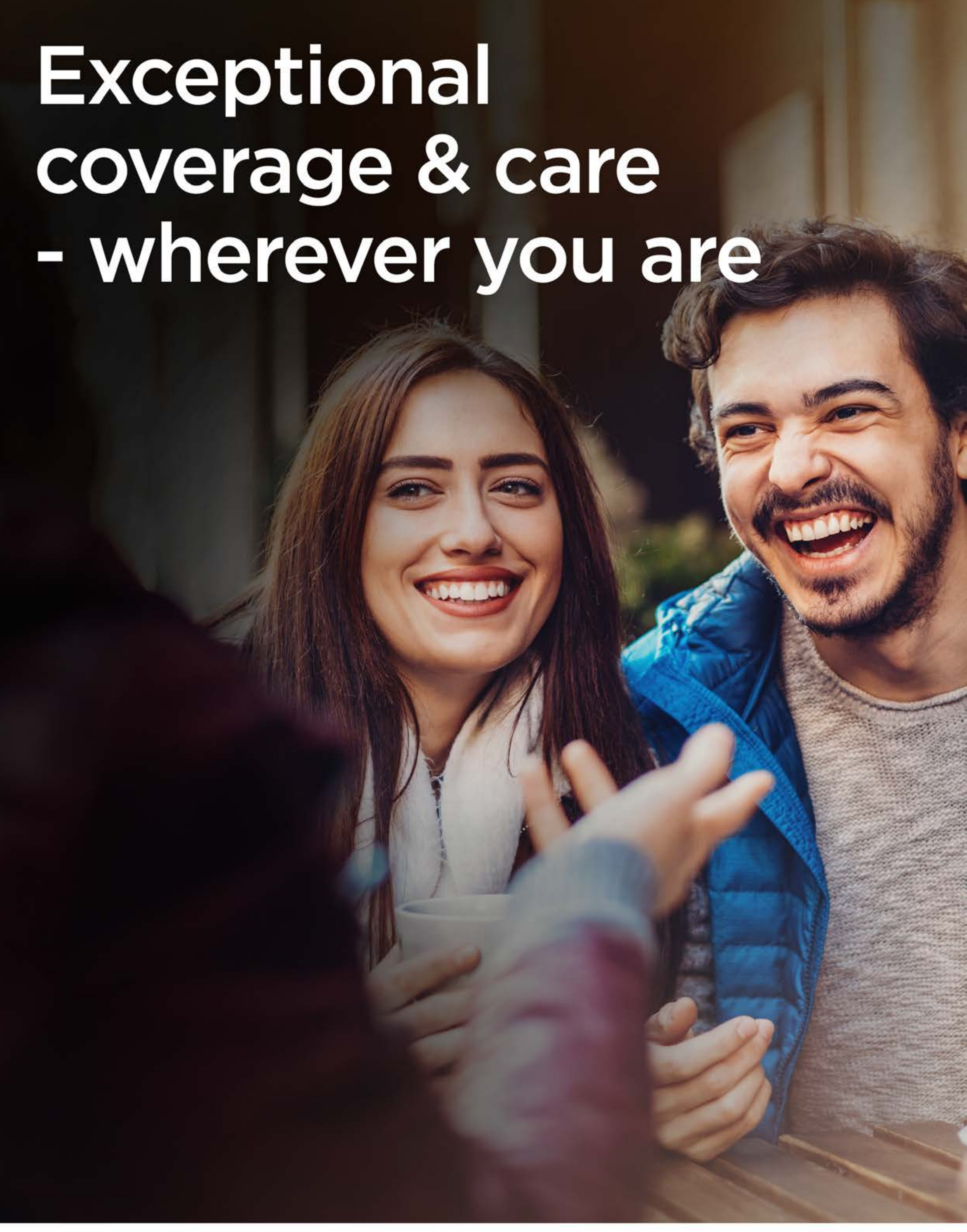

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Welcome To **Expat Living**

Welcome to our Autumn 2018 edition of *Expat Living*.

one that potentially offers significant advantages to those looking to move from the UK. We discuss the different tax regimes available to those looking to invest in Portugal and look at the most popular locations to buy a home there.

Our UK property special looks at the experience of investing in the UK property market as an expat. We discuss UK Buy-to-Let mortgages for expats and the workings of the non-resident landlord tax regime.

Are you looking for a job in America? Working in the US remains an attractive opportunity for many and we look in detail at immigration requirements and the difference in working conditions when compared to other parts of the world.

We look at the importance of high-risk insurance cover to expats working abroad, as the number of expats travelling to more remote and sometimes hazardous part of the work continues to increase.

Plus, the joys and the practicalities of retiring abroad and our popular money Q & As.

As ever we look forward to your feedback and welcome your personal stories of expat life.

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PORTUGAL: AN ATTRACTIVE OPTION AS BREXIT APPROACHES?

As the Brexit debate in the UK continues to rage, with little clarity as to the practical implications of the country's departure from the EU, many people simply want to understand what this means in terms of the everyday aspects of their lives.

Written by Luis da Silva, Managing Director of Algarve Senior Living

Over the last four decades or so, citizens of the UK have become accustomed to easy travel within Europe, seeking work and holidays outside their home country without a second thought and more recently, talking on their mobile phones abroad, as if they were at home. It has become normal to use the health care system of a foreign country knowing that the bill is covered by the UK, whether under the short-term EHIC program or a longer-term agreement between the UK and other EU countries when living abroad. And when nearing the end of a working life under grey skies, many decide to live and receive their pensions in a sunny foreign country, while benefiting from inflationary adjustments just as if they were at home.

In 2020, at the end of the so-called "transition" period, the current way in which UK citizens live and travel throughout Europe will end. It may even happen earlier, on the 30th March 2019, if no deal is reached between the UK and the EU and there is a "cliff edge" Brexit, or later if a deal is reached and more time is needed to fill in the details. Huge uncertainty remains as to which, if any, of the benefits will remain, and in what form.

Under the provisional agreement reached by the UK and the EU, UK citizens will be entitled to remain in the country in which they have settled, but currently no onward movement rights are guaranteed. Although the payment of pensions abroad will continue, there is no guarantee that the UK government will increase pensions paid to UK expats in Europe in line with inflation. There is a risk pensions could be frozen, as they are for UK expats in many Commonwealth countries such as Australia, Canada and New Zealand. Travel visas and other documentation such as insurance policies may be required when travelling to Europe.

In order to address many of these concerns, the best solution appears to be to “lock in” current rights ahead of the UK’s effective departure from the EU. Many advisors are encouraging clients to take decisions ahead of March 2019. As we have seen from the events of the last two years, verbal assurances by politicians are not worth much, and unfortunately often misleading. With the current degree of uncertainty, there is no guarantee that taking action before March 2019 will offer increased certainty if the UK and the EU do not reach an agreement, unless a UK citizen takes action in line with legislation that also applies to non-EU citizens (and is therefore unlikely to change).

As there is insufficient time for anyone to consider citizenship unless due to family or religious link (for example, Sephardic Jews have a fast-track citizenship path, for historical reasons), the key aspects of health, travel and pensions are likely to be resolved via residence.

The UK is and will remain (regardless of the outcome of the referendum) outside the Schengen area and therefore border controls (both outbound and inbound) will continue to exist. With Brexit, additional documentation such as a physical visa form may come into effect.

UK-Europe tourism will continue. Taking a holiday may become more bureaucratic and costly. The EU will be implementing an advance visitor registration system or ETIAS. Multi-country travel within the EU ▶

should still be possible as few internal border controls exist.

What is likely to become more difficult is staying indefinitely, or even settling, in a European country that is not the one to which you originally move. The best solution in this regard is to opt for residence of your preferred country before March 29, 2019. Acquiring permanent residence of an EU member state will allow you the right of movement to other EU countries, although this may not be the case if you move during a possible transition period.

There is always the option to acquire residence in the same way as third countries (outside the EU) do. Two broad possibilities exist: residence by investment, the most common of which is to purchase real estate; or to apply via a means-tested application, with income equivalent to about twice the national minimum wage – a solution which applies to retirees. Again, either of these solutions will provide the right to move freely within Europe, but will not provide settlement rights in another EU country. This will only be possible with citizenship (typically in the 6th year after the start of residence).

The residence by investment programme will allow people to lock in their right to residency, regardless of the outcome of Brexit, under a programme called the Golden Visa (GV). Historically Portugal has been among the more expensive GV destinations, requiring a real estate purchase of €500,000. However, the “discounting” by 20% for anyone buying in low-density areas, and the introduction of a €350,000 level for any property purchased in older buildings, means that it is now more affordable to get a residence via investment.

Notwithstanding the above, the hard reality is that many people who move abroad, do so not only for lifestyle reasons, but because they need to manage a pension pot which is under increasing pressure on different fronts. UK residents have suffered a double whammy as a result of Brexit. The cost of living has increased as a number of items including food and imported goods have seen steep price growth, coupled with international travel becoming more expensive. The Pound is also worth around 15% less than it was before Brexit. A combination of the above factors may drive UK nationals to seek alternative residence options in Europe.

For retirees, thinking ahead means considering what social care options are available. While all of us would like to live independently in our own homes for as long as possible, the reality is that health can be unpredictable and many will find themselves needing support or care. The cost of quality rental-based independent senior living, assisted living or care home care in Portugal is at least 50% cheaper than a comparable solution in the UK. A purchase of a suitable property will be less than half of the cost of a comparable property in the UK. Although limited options for expats currently exist, some solutions are starting to emerge, targeted at the evolving needs of an ageing expat population.

With a lifestyle of much greater quality, English widely spoken, lower costs of living, better healthcare than the UK, less expensive private insurance, lower taxes and no need to return home for essential services, Portugal is a very attractive option as a retirement destination.

Portugal is among the world’s top 10 retirement destinations, and the Algarve has been voted the “Best Place in the World to Retire” four years in a row. Portugal’s Golden Visa and tax-free NHR programs should be considered by retirees during any retirement planning process, especially where protecting access to the EU is an important consideration.

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We offer Portugal's largest selection of options for long-stay clients or those looking to move permanently, in the Algarve and greater Lisbon/ Cascais area. Our clients, representing 25 nationalities, are independent individuals with a range of backgrounds and interests and speak different languages. Our team, supported by our extensive partner network, has a concierge-style approach to helping clients. From discovery of the regions, to selection of the options, to settling in. We are here to help.

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WHERE ARE THE **BEST PLACES TO LIVE IN PORTUGAL?**

Portugal is divided into seven provinces or regions, with the enchanting city of Porto and a craggy landscape of *montanhas e serras* in the frequently chilly north, and the balmy coastline of the Algarve in the south.

Within these contrasting landscapes are central Portugal, which includes the ancient university city of Coimbra, and, south of it, the adjacent region of Lisbon in the industrial hinterland. Further south and above the Algarve is Alentejo, the country's most agricultural area – a sleepy landscape of cork groves, vineyards and pine forests,(R is with crumbling farmhouses that have yet to be discovered by adventurous retirees.

In addition to mainland Portugal, the country also includes two autonomous island territories in the Atlantic Ocean - the archipelagos of Madeira and the Azores, vestiges of a sprawling global empire which once embraced nearly half of the new world including Brazil, large parts of Africa, mainland China, India and Indochina. Madeira is more likely to be of interest to retirees than the remote and wind-scoured Azores.

Of the country's regions, the Algarve is still by some distance the most popular choice for Britons. But it isn't the only choice. If you are drawn to living in a major city, then the country's stylish capital Lisbon and its historic northern neighbour Porto are among the most eligible candidates in Europe.

Lisbon is one of the great European capital cities, a place of tangible history where trams rattle through cobblestone streets past richly decorated buildings

showcasing a living museum of architectural styles from the Moors to Art Nouveau, much of it influenced by centuries of global trading and colonisation. Often described as the 'city of light', Lisbon has a surprise around every corner: a hilly landscape of honeycombed alleys and paths one way, sweeping miradors over land and sea the other, and everywhere you look a palette of brilliantly coloured buildings.

Lisbon's coast also offers some exquisite retirement spots in Cascais and Estoril, once home to aristocrats and WW2 double agents but now elegant sanctuaries for those seeking a quiet life with sea views.

Porto, the country's second city and UNESCO world heritage site, is, like Lisbon, a seductive synthesis of historic and contemporary attractions. The capital of the 'Norte' region, it is a thriving commercial and cultural hub with much to offer art lovers – and foodies, indeed, with seafood a particular speciality of Porto and its neighbouring coastal resorts.

So, to the Algarve, whose weather, scenery and lifestyle offer something for everyone but are particularly loved by northern European expats. It was described by a US newspaper as 'the best place in the world to live or retire that nobody's talking about'. The article highlighted Silves and Lagoa, west of the Algarve's capital Faro, as 'particularly appealing', but don't ignore the gateway to the region itself, Faro, which, like most airport towns, is often overlooked by holidaymakers and home-buyers in a rush to the main resort areas.

It shouldn't be. If you get past the shabby outskirts, Faro is as authentic as southern Portugal gets, with a well-preserved medieval quarter, a maze of narrow car-free lanes and alleys, lush parks and elegant plazas. It is also on the doorstep of protected natural parkland, easily accessible beaches and some of the most exclusive golf courses in the world. The lawns of the nearby exclusive Quinta do Lago golf resort border some of the most expensive real estate in Europe.

With a large student community at the University of the Algarve, there is a metropolitan buzz about Faro which is not found elsewhere in the region – with the possible exception of Albufeira, the main resort town of the Algarve and a magnet for tourists and revellers. In the opposite direction, towards the Spanish border, it contrasts with the elegant old town of Tavira, an increasingly popular choice for expats drawn by its classical architecture, including a famous seven-arch Roman bridge, and access to a beautiful island beach on the Ilha de Tavira.

The central Algarve between Faro and Sagres is the unquestioned centre of the Portuguese tourist industry, but the beaches are so plentiful that there is little difficulty in avoiding the crowds. Within a short drive of the homogeneous cluster of villas and gaudy bars along the coast, visitors will stumble across enchanting hill towns and the 300km Via Algarviana pilgrimage route, traversing the breadth of the region.

The western Algarve is another story – one more about nature and less about development – although its rugged nature and exposure to Atlantic winds may not be to every expat's taste.

How important is the weather? Be aware of very different climates in the country's regions. Porto is on the same latitude as New York, which is likely to mean colder winters and hot summers. The Algarve has more consistent conditions year-round and is warmer and drier than other areas.

INVESTING IN THE **UK PROPERTY MARKET**

The Halifax House Price Index for September indicated that prices fell by 1.4%, the second consecutive month to record falling prices. Annual house price growth had slowed from 3.7% in August to 2.5% in September. The Royal Institution of Chartered Surveyors have indicated that there was a fall in new buyer enquiries, prices falling and sales taking a record time to complete. Regionally there is a 'flat to slightly negative sales trend in virtually all parts of the country'. London continues to report the steepest fall in prices and the South East and East Anglia deteriorated further. Surveyors across London and the South East almost unanimously point to Brexit as the cause of the uncertainty holding back the market. Elsewhere, however, house prices continue to rise with the West Midlands, Northern Ireland and Scotland posting the strongest growth.

In the lettings market tenant demand has seen growth across the country and London has staged a sustained recovery over recent months. Although rents are anticipated to increase by a round 2% for the year, the rate of growth is expected to accelerate averaging around 3.5% p.a. over the next five years.

In this context the buy-to-let market can be attractive for expats with the prospect of rising rents over the coming years and a weak UK property market combined with the weak exchange rate. A positive outcome for the Brexit negotiations could have a positive impact on both, however.

BUY-TO-LET MORTGAGES FOR EXPATS IN THE UK

Buy-to-let mortgages for expats are available to help you invest in the UK property market and there are various options for obtaining a loan. There are additional challenges for expats beyond those faced by domestic borrowers.

Buy-to-Let (BTL) Mortgages

This type of mortgage is used to facilitate the purchase and remortgage of residential property in the UK for the purpose of letting to a private tenant. BTL mortgages have become increasingly popular as people see the potential to benefit from rising property values at the same time as gaining a rental income to help to finance the purchase. For expats there is an additional incentive, retaining an interest in the UK property market to provide themselves with a home when they return - either by moving in to the house they have been renting out or by using the equity built up to buy their dream home. As expats are often better paid when living abroad and, with a lower cost of living in many parts of the world, they often have greater disposable income to fund such investments.

The BTL market is not risk-free, however, and as well as the normal risk of the value of property falling there may be additional exchange rate risks if you are funding the purchase in another currency. It is possible to manage the risk with appropriate hedging strategies. Exchange rate movements can work both ways and rates have recently worked to the advantage of those seeking to buy assets in Sterling using most other currencies, but the risk remains.

BTL Mortgage Requirements

BTL mortgages are not generally regulated by the Financial Conduct Authority unless certain conditions are met which makes them a Regulated Mortgage Contract or a Consumer BTL mortgage. In September 2017 new BTL mortgage rules were introduced by the Bank of England (the Prudential Regulation Authority). These new rules make BTL mortgage lending requirements tighter. Landlords with four or more properties are classed as portfolio investors and lenders are required to look at the whole property portfolio when considering an application for a single BTL mortgage. The precise information that will be required will vary from lender to lender but will generally include the extent of current borrowing, rental income and cost of your existing portfolio as well as potentially information about your other income and assets.

There is also a new stress test which means that monthly rental income will typically need to cover 125% of mortgage repayments and borrowers will need to demonstrate that they can afford repayments if there is a significant increase in interest rates.

For expats there is the additional hurdle of meeting European rules that require those paid in a foreign currency to come under closer scrutiny. Greater due diligence and the need to look at the impact of exchange rate fluctuations and their global finances place additional strain.

Specialist Expat Mortgage Brokers

Despite the challenges there are many providers able to assist in identifying the best deals available to expats. Specialised mortgage lenders like Skipton International have a mortgage calculator to help identify how much expats can borrow. High Street lenders such as HSBC Expat, Nat West International and Santander can provide residential mortgages to expats and, although they do not charge higher fees there may be some restrictions that apply to expats.

There are also a number of brokers who specialise in arranging BTL mortgages for expats including Kevin Sewell Mortgages, LiquidExpat, Capital Fortune, Offshore Online and Private Finance More general mortgage brokers like John Charcoal will also act as a broker to expat borrowers.

Provided you consider the exchange rate risks and arrange a mortgage that matches your needs investment in the UK property market is a popular option for many expats.

ARE YOU A UK NON-RESIDENT LANDLORD? THERE'S TAX TO PAY

Expats who rent out their UK property must register with the taxman's non-resident landlord scheme, says Iain Yule.

If you have rental property in the UK but your usual home is outside the UK, your tenants or the letting agents you use will need to operate the non-resident landlord (NRL) scheme.

They need to deduct basic rate tax from rental income before they pass it on to you. You can set this tax off against your own tax bill, if you have one, at the end of the year.

The scheme requires UK letting agents to deduct basic rate tax from any rent they collect for non-resident landlords. If non-resident landlords don't have UK letting agents acting for them, and the rent is more than £100 a week, their tenants must deduct the tax.

Letting agents and/or tenants don't have to deduct tax if the taxman tells them not to and if non-resident landlords have successfully applied for approval to receive rents with no tax deducted.

But even though the rent may be paid with no tax deducted, it remains liable to UK tax. So non-resident landlords must include it in any tax return the taxman sends them.

Non-resident landlords who are eligible can apply at any time for approval to receive their UK rental income with no tax deducted. This includes applying before they have left the UK or before the letting has started.

The taxman may refuse approval if it is not satisfied that:

- The information in the application is correct.
- The non-resident landlord will comply with their UK tax obligations.

The taxman may withdraw approval if:

- It is no longer satisfied that the information in the application is correct
- It is no longer satisfied that the non-resident landlord will comply with their UK tax obligations.
- The non-resident landlord fails to supply information requested by the taxman.

Some people who are not resident in the UK are not sent an annual tax return automatically, even though they have UK rental income. This is because many non-residents will have sufficient UK personal allowances to cover any liability.

The taxman has produced a booklet called Non-Resident Landlords – guidance notes for letting agents and tenants, that tells people what their responsibilities are under the scheme.

There is also a brief Letting agent's guide to the NRL Scheme which outlines the main features of the scheme.

More detail on the scheme and guidance notes can be found by going to the tax website, **www.hmrc.gov.uk**, and searching for Non-Resident Landlord Scheme.

TOP TIPS WHEN **LOOKING FOR A JOB IN AMERICA**

Working in America remains an attractive opportunity for many. Experience in the US market, the largest in the world, can be a real help in developing your career at home. The lifestyle is another draw, whether it is the appeal of New York, the city that never sleeps; Chicago, the windy city; or California, the sunshine state.

Immigration Requirements

The current rhetoric around immigration can be very intimidating with President Trump pushing 'Buy American' and 'Employ American' slogans. There have been definite moves under Trump that have made life more difficult for people looking to get a visa to work in America.

The proposal to revoke work permits for the partners of H1B visa holders (H4 EAD) will cause major difficulties for those partners as they will have to think carefully about the financial as well as lifestyle impact that this can have if you will not be able to work whilst living in America.

Recent changes by USCIS gives those processing visa applications the discretion to deny visas if applications do not include all necessary information when submitted. Although it is claimed to be to discourage frivolous and substantially incomplete applications, there are concerns that it will lead to more denials without indicating why they have been denied, creating more uncertainty.

The EB-5 Immigrant Investor program, which gives a green card to those investing at least $500,000, was due for renewal at the end of September and has been extended only until December 7th. Concerns about abuse and fraud have led to many demanding that the program should be reformed or abolished. Higher levels of required investment are likely to be set as this figure has not changed since it was introduced in 1990, together with the imposition of more stringent terms.

It is still possible to get a visa though as there is an array of visa options available to you depending on your individual circumstances. It has always been important to check the options available to the applicant as well as what it allows any accompanying partner or family members to do. There are options for non-immigrant or temporary visas as well as immigrant visas, known as Green Cards. It is important to ensure you obtain the right visa based on your circumstances and plans.

The most common non-immigrant visas are: the H-1B for people who work in a specialty occupation; an L Intracompany Transferee Visa, which allows you to work at a branch, parent, affiliate, or subsidiary of the current employer in a managerial or executive capacity (or in a position requiring specialized knowledge); and an O visa for Individuals with Extraordinary Ability or Achievement. Some of these temporary worker visa categories require your prospective employer to obtain a labor certification or other approval from the Department of Labor before filing the Petition for a Non-Immigrant Worker.

If you are looking to move permanently to the US you will need an Immigrant Visa. Employment based Green Cards allow migrants to gain the status of lawful permanent resident in the US to engage in skilled work. There are five employment based (EB) Green Cards categories:

- EB-1 for multinational executives or managers, or for people with exceptional experience and ability in science, art, education, business, or sport.
- EB-2 which covers certain professions such as medicine, science, and teaching who have a Master's degree or higher.
- EB-3 is for skilled workers with at least 2 years' experience, Master's degree and PhD holders which are not covered by the EB-2 visa and for low skilled workers to take a permanent US job. The EB-3 visa requirements are less stringent, but the backlog is much longer: typically 6 to 9 years.
- EB-4 is for religious workers, US Foreign service employees and others who do not fit into other visa categories.
- EB-5 is a special category for investors who invest a minimum of $500,000 or $1,000,000 in a US business with at least 10 employees.

How do Working Conditions Vary in the US?

Another factor that you need to understand is that the terms available to you as an employee in America are very different to that you are likely to be used to in the UK or in Europe.

In the UK and most of Europe there is statutory right to break time (in the UK one uninterrupted break of 20 minutes provided they work for more than six hours in a day) and vacation time as well as family leave. In the US there is no right to a break and Business Insider reports that only one in five spends time away from their desks for lunch. This compares to the UK where two thirds indicate that they do not generally take as much as twenty minutes for lunch. There is also no tradition of the coffee break to match the British tea break.

Vacation time is the big difference with full time workers entitled to at least 28 days of paid annual leave a year in the UK and the vast majority of people taking up their entitlement in full. In the US where there is no statutory right, it is common for people to be given two weeks, but many only take half of the time offered.

The UK offers up to 37 weeks paid parental leave which can be shared by the parents. The US is alone among the developed countries not to mandate family leave and only 17% of the workforce has paid family leave through their employers. The Family and Medical Insurance Leave (FAMILY) Act may change this. It is currently being considered and this would provide up to 12 weeks of partial income when they take time for serious healthcare conditions, including pregnancy and childbirth recovery.

'Employment at will' in the US means that provided the motivation for your dismissal does not fall foul of anti-discrimination legislation the work contract can be terminated at any time. This leaves a foreign worker a little exposed given that the visa will be tied to the job, but provided you perform in the role this should not be an issue.

Finding a Job in the US

There are many established job boards in the US, including Craigslist, Monster and Careerbuilder. LinkedIn is also an increasingly effective place to find a job. However, you need to know if the employer will be prepared to take on the onerous task of obtaining a work visa in order to properly consider your application. Where you have skills or experience that are in short supply you will have a far better chance of obtaining a job which allows you to move to America. The other approach is to seek a transfer with your own company or to join an international group that will allow you to move on an internal transfer.

Once you have identified an opportunity you will need to prepare a resume and covering letter. US resumes are different to the CV used to apply for British jobs. A CV is generally chronological and covers your entire career, whereas a resume is a brief summary of your skills and experience over one or two pages. It is normal to have a standard CV and change the covering letter in the UK, but a resume is generally tailored to each position. A resume should include name and contact details but not personal information, such as age, gender, marital status, race/ethnicity and home country.

With international job applications there will often be a telephone or skype interview and only a face to face interview if you are able to make the shortlist. That makes the importance of making an impact in the initial contact even more important than usual. It is essential to research the company/project properly and to use the job description to make absolutely clear the relevance of your experience and whilst countering any shortfalls.

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THE IMPORTANCE OF **HIGH RISK INSURANCE COVER**

Written by, Carl Carter, Managing Director of Voyager Insurance Services

As businesses work hard to expand internationally and expats choose to travel further afield to counter the impact of the challenges they are seeing in many of the more traditional and domestic markets, there has been a marked increase in international travel for business and work to more remote and austere environments with the hope of finding new opportunity and less competition in these far flung corners of the developing world.

And, while the cost of long haul air travel to get there has become more affordable for businesses, contractors and expats – many businesses and individuals alike are unfortunately experiencing the significantly increased risks and hazards to health, wealth and personal safety that so often come along as part of the pioneering and frontline opportunities!

Unfortunately, when planning a business trip, even more so than when planning a holiday - it is all too easy to forget to think about yourself so as to mitigate risks to your own personal and financial safety. Travellers often don't realise that the government back home won't pay your emergency medical bills abroad in some remote private hospital. Most people don't realise that a day in a hospital can easily cost $5,000, emergency surgery can reach $50,000 and an emergency air ambulance back home can exceed $100,000 – very few people let alone businesses can afford to cover these types of bankrupting exposures. Healthcare overseas is a big ticket business and we all too often see news headlines about families having to remortgage their home to cover overseas medical bills and the cost of air ambulances to bring a loved one back home from a trip.

If the individual is travelling for work or on business, then the exposure to the company is even greater if someone travels without protection. It is not just the cost of the medical and evacuation bills they need to consider, it is the reputational damage that can occur in the media. In some jurisdictions the personal exposure to Company Officers that had a legal Duty of Care for the well being and safety of their staff at home and overseas can lead to personal fines and even imprisonment.

What can Businesses and Individuals Do to Protect Themselves When Travelling?

It makes smart business and personal sense both financially and in terms of getting help in an emergency overseas to ensure that when travelling anywhere overseas on a trip, let alone to a part of the world where there is an increased risk to health due to lack of easy access to medical infrastructure in remote areas , that they have adequate travel insurance protection.

This becomes significantly harder for individuals such as aid workers, news reporters, charity volunteers or contractors to find when they are travelling to a higher risk destination such as central Africa, Syria, Iraq, Afghanistan and even in areas within regions such as South America.

This is because most standard personal and business travel insurance policies specifically exclude cover when travelling to an area of the world that is deemed higher or high risk by their government at home. For example, the UK Foreign and Common Wealth Office (FCO) publishes a list of countries and regions where they advise against 'all but essential travel' and in some cases 'all travel'. Travel to these countries would usually be excluded on most everyday travel insurance plans – meaning that the policy could be invalid in the event of a claim or medical emergency.

It's not just a medical emergency that travellers need to be protected against, plans can get cancelled due to illness, flights can be delayed, luggage can get stolen to name a few perils.

How Can They Find Cover?

When travelling to a high-risk destination it is vitally important that a 'fit for purpose' travel insurance is purchased from a specialist provider that has expertise in high risk insurance covers. This is because, not only does the cover need to be appropriate to the destination but also the 24/7 emergency assistance service that is provided under the policy needs to have the experience, resources and local contacts on the ground to assist in a medical situation in a remote or potentially hostile environment, rather than a twisted ankle in Spain!

The internet is always a good place to start, but you can't always rely on what you find - so it makes good sense to work with a specialist insurance broker that understands your demands and needs. They can help find you a policy that does the job at a good price. Traditionally due to the specialist nature of high-risk insurance this would be through a Lloyd's of London Insurance broker. But that can often be a long and drawn out manual process that comes at a high cost. However specialist high risk destination travel insurance products are available with instant quotes online from specialist providers.

It also makes sense to get some travel risk management training before going on the trip. This helps you avoid problems before they happen.

For businesses, by working with a specialist high risk insurance broker, group plans for employees can be put in place for both business travel as well as provide protection against Kidnap and Ransom overseas.

High Risk Voyager

High Risk Voyager from Voyager Insurance is available online at **highriskvoyager.com**. This product is insured with Lloyd's of London but offers instant quotes online for high risk destinations with the added peace of mind of having all documents delivered by email rather than relying on international post. Cover can be arranged for one trip or in many cases if you travel frequently it can be a saving to get Annual Multi Trip cover. Plus if you've left in a hurry, in many cases cover can even be bought if you have already travelled (and not had a claim).

High Risk Voyager include discounts if you have had high risk training. It also include access to downloadable pre-travel information on high risk destinations to help you know before you go about in-country issues. High Risk Voyager also provides an Emergency One Touch App to help connect you to the emergency operations centres and can even share (if you wish) your geographic co-ordinates if location allows.

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RETIRING ABROAD
THE JOYS AND THE PRACTICALITIES

For many Brits, retiring abroad provides the opportunity to turn their dream holiday destination into a permanent lifestyle. Surveys indicate that around one in ten people in the UK are considering retiring abroad and although many will not follow through and actually make the move, the numbers who do are increasing.

Expats often say that they do not feel the same connection to the land of their birth as those who have not lived abroad, and they are particularly drawn to retirement outside the UK. Having lived their lives in different parts of the world they have no desire to move back and spent their hard earned retirement in the cold and damp of the UK.

Europe is by far the most popular destination for Brits with Spain, France and Portugal heading the list. Asia and the Caribbean are increasingly popular, especially with expats who have worked in the region, but the numbers are still small compared to Europe. The climate and lifestyle that goes with it is the attraction for many; playing golf, sailing in the Mediterranean, spending time walking or relaxing in the sunshine.

There are practical issues that should be considered before making the decision to spend your latter years in a new country, including the availability of a permanent residence visa if you are moving outside the EU.

Healthcare is clearly a concern as you get older and you will need to consider the quality and cost of available health provision in your country of choice. This is not made easier as the uncertainties of Brexit continue. The ability to stay in touch with friends and family is another consideration. How easy will it be to get back to see friends and family as well as how much it will cost and how long it will take for them to come to see you.

When deciding where to retire many will be drawn to places where they have spent happy holidays. However, even your favourite holiday destination can be very different when you are living there full time. Out of season some places have a limited permanent population, regular attractions and seasonal bars and restaurants can close and you need to be sure that there will be plenty to do. On the other hand, if you live in a popular holiday destination it can be very crowded and busy in the main holiday season, which may be fine for a two week holiday, but can be wearing if you are living there full-time.

The old adage 'try before you buy' is well worth considering. Travel to the area out of season for a period and talk to people who have made the move. In most countries there will be an established expatriate community available to help you to settle in and you can access online forums to answer your questions.

Cost of Living

In many places the cost of living can be part of the attraction with consumer prices in Spain 17% lower than the UK and rental prices 28% lower. Prices are even better in Portugal with consumer prices 24% lower and rentals 32% below those in the UK. The cost of living is not the motivation in France, however, with consumer prices 13% higher than the UK and, although rentals are 12% lower, overall consumer prices including rent are 5.6% higher.

The other side of cost of living is how to fund your new lifestyle. If you have investments, a pension or rental income that you can use to cover your living costs, you will need to consider the impact of currency fluctuations on your income. You will need to be sure that if there is a significant shift in exchange rates you will still be able to support your new lifestyle. If you have any concerns you may need to consider the pros and cons of transferring any investments to the local currency.

You will also need to consider the tax implications of your new situation. Even if you become tax resident in your new home, UK source income, such as rental income, may remain taxable in the UK. You can no longer pay into ISAs or take advantage of premium bonds, and other NS&I investments will be taxable in your new country. If you are selling your property in the UK it is worth considering the rules on capital gains, as gains are either not taxable, not taxable in certain circumstances, or taxable at a lower rate in some countries. It is well worth taking advice to ensure that you structure your finances in the best way possible, taking advantage of the tax rules where you are going to be resident whilst taking account of the appropriate tax treaty with the UK.

Pensions

Most people retiring abroad will receive their state pension and potentially a private pension. The basic state pension for 2018/19 is £125.95. You can continue to claim your pension if you retire abroad wherever you live. If you move to a country in the European Economic Area (EEA) or one which has a reciprocal social security agreement with the UK, you will receive the same increases as those pensioners who stay in the UK. If you move to other countries your pension will be frozen unless and until you return to the UK. You can choose to be paid every four or every thirteen weeks and the money can be paid into a UK bank or directly into an overseas account in the local currency.

You will need to contact the International Pension Centre and you can find out how moving or retiring abroad affects your pension - and how to claim it on the Government website.

Private pensions are usually paid into a UK bank account, although you can arrange to have an international account. If you have a sterling and euro account with the same bank there will not normally be any fee for transfers from one account to the other.

The tax treatment of your pension income will depend on the country where you become resident, but there are often ways in which you can minimise tax such as the Non-Habitual Resident tax regime in Portugal that allows you to receive non-Portuguese pensions tax free. Independent, qualified advice can be very helpful.

Inheritance

The other issue that you need to consider is that of inheritance rules and inheritance tax. In France, Spain and Italy the rules relating to beneficiaries of property are different to those in the UK. In France, for example, your children have an indisputable claim. You may also remain liable to inheritance tax in the UK if you are still deemed to be domiciled in the UK. With different rules, rates and other factors to be taken into account, it will always be best to take legal and tax advice before you make the move so that you are aware of the issues and potential solutions.

Property

Many of us have a clear idea of the sort of property that we want to retire to: a French farmhouse in the countryside, an apartment on the Spanish coast, a villa with a pool in Portugal. There is always a greater feeling of security and permanence that comes from owning your own home, but it is worth considering whether to rent or buy. The property market in many European countries suffered major falls during the economic crash with over-supply added to the pressures of economic recession. Those caught by the fall found themselves unable to sell their property. This is not a problem if you are happy in your new home and do not wish to leave, but if there are issues or you need to return home for health or family reasons, owning your property can leave you unable to sell up and return. Many markets have recovered, but the risks always remain alongside the potential for capital gains.

Renting property can give greater flexibility, meaning that you do not face the same risks if your circumstances change, perhaps due to family illness or alternatively if you simply decide that you want to return to the UK. Long term rentals in some holiday areas can be difficult to find though and what is available may not be ideal when living there permanently. It is well worth researching the market online and investigating during an orientation trip.

Settling In

Once you have made the move it is time to make new friends, establish new or old hobbies and enjoy the lifestyle. In most areas there will be established groups of expats and locals with similar interests and participation will be key to settling easily in to your retirement in the sunshine.

MONEY QUESTIONS & ANSWERS

The panel of financial experts at Expat Network is happy to answer your expat money questions. Here are the latest it has tackled...

DO I NEED TO FILE A **UK TAX RETURN** AS A RETIRED UK EXPAT?

I am a UK retired expat and left the UK in 2006 and have been travelling since then. I divide my time between Asia and Europe, no longer than 3 months in any one country at a time. I have not filled in tax returns, in that time, but am now looking to settle in Asia full time. What, if any, are my tax liabilities, considering I have been constantly travelling?

Trevor Trew of Trew Tax Services responded concerning the UK tax related concerns.

As an individual living overseas since 2006, you may be regarded as non-resident so long as you fulfil the criteria to be regarded as such as set out by H M Revenue and Customs.

Since the 6th April 2013, non-residence has been governed by the Statutory Residence Test. This is first time that the UK has had legislation which determines whether someone is resident or not for UK taxation and it applies to your circumstances to establish your residence position for UK income and capital gains tax.

Your residence position is important as you are taxed differently on your UK and overseas sources of income and capital gains depending on whether you are resident or not under the test. The test needs to be considered for everyone's circumstances independently, so each individual's residence position is considered separately.

The test has three separate tests and within each of the three tests there are different criteria which need to be looked at to determine your residence status for the UK tax year in question. The three tests need to be considered in order each and every year. As the tests run consecutively, if you happen to meet any of the criteria within the first test it is not necessary to look beyond this to the two other tests. The three tests are Part A – Automatic Overseas Test. Part B– Automatic UK Test. Part C – Sufficient Ties Test.

The basic rule is that you will be resident in the UK for the entire tax year if you do not meet any of the Automatic Overseas Test and you meet the conditions set out either by the Automatic UK Test or Sufficient Ties Test.

Once you are sure of your residence position then it is possible to determine liability to tax. Someone who is resident will be taxable in the UK on the basis of worldwide income and capital gains arising. A non-resident however is subject to UK tax solely in respect of UK arising income and since 6th April 2015 capital gains from the sale of UK residential property.

This is a potentially complicated query to which only a general reply is possible. If you would like a personalised response some specific information is required which would determine your residence status, liability to UK tax and whether you need to file an annual self-assessment.