HaysMac

UK-US Tax Services

Managing compliance and planning across both jurisdictions

In an increasingly international world, we have regularly encountered US tax considerations. This has ranged from the UK business looking to expand abroad, the US business coming to the UK (often as a springboard to Europe) and our personal tax clients who are US persons, married to US persons, in business with US persons, or looking to invest in the US.

With the arrival of Graeme Privett, our Head of Private Client Tax, and a small US tax team, we have created our own team of 'dual handlers' with the technical expertise to navigate both UK and US tax filings, as well as advise on tax planning both sides of the pond.

Understanding the UK–US tax challenge

For US citizens, in particular, the requirement to file in the US on worldwide income and gains introduces a further level of complexity that needs careful attention.

When allied to taxation requirements in the UK, itself a complex taxing jurisdiction, this can be a recipe for double taxation and incorrect reporting. Whilst reporting correctly in both the UK and the US is vital, ensuring that the right tax is paid at the right time to the right jurisdiction is a mantra for success.

Although bound by a common language, both the IRS and HMRC can look at the same structure, investment or transaction in different ways and so understanding those differences is a key to tax efficiency. What works well in the US may not in the UK, and vice versa.

Alongside this, understanding the flow of foreign tax credits between the UK and US, as well as how the UK/US Double Tax Treaty operates is a vital tool in this endeavour.

Compliance and reporting services

We look after a full range of compliance work for clients:

- Personal tax returns for US and non-US persons (Forms 1040 and 1040-NR)
- Reporting of corporate interests (Form 5471), trust interests (Form 3520) and Foreign Bank Account Reports (Forms 114 and 8938)
- Corporate reporting for US and non-US companies (Forms 1120 and 1120-F)
- We work with Trustees with both UK and US beneficiaries to calculate the tax pools (in the UK) and UNI/DNI in the US computing the income and gains for reporting to beneficiaries

Planning opportunities across both jurisdictions

We also work with our clients and their advisors to ensure that they take advantage of planning opportunities in the UK and the US.

For our personal clients, this will start around investments, which need to be both UK and US tax efficient for UK resident, US citizens, through to estate and gift planning.

For our corporate clients, we are there at creation of their businesses, though scaling up and selling businesses, ensuring that tax leakage is kept to a minimum, profits can be extracted efficiently, and that the tax on sale is mitigated.

We work collaboratively, pro-actively and commercially with our clients, their lawyers, investment managers and other professional advisors.

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