

Tax considerations for Brazilians buying a UK property



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Introduction

Brazilian professionals living in the UK often maintain financial connections with Brazil:

- Savings and investment portfolios in Brazil
- Property ownership in Brazil
- Family assets or interests in Brazilian businesses

Because financial activities occur across **two jurisdictions, tax consequences** may arise in both countries.

Key Topics Today

- 01 Tax residency between Brazil and the UK
Including the concept of Tax Exit (Saída Definitiva)
- 02 How the UK taxes foreign income and gains
- 03 Historic Non Domiciled Regime and the new Foreign Income and Gains (FIG) regime
- 04 Temporary Repatriation Facility
- 05 Opportunities and considerations when bringing funds into the UK

Brazil – Tax Residency

Instrução Normativa SRF nº 208, de 2002

Art. 3º Considera-se não-residente no Brasil, a pessoa física:

I - que não resida no Brasil em caráter permanente (...)

II - **que se retire em caráter permanente do território nacional, na data da saída (...)**

III - (...)

IV - que ingresse no Brasil com **visto temporário:**

a) **e permaneça até 183 dias**, consecutivos ou não, em um período de até doze meses;

b) até o dia anterior ao da obtenção de visto permanente ou de vínculo empregatício, se ocorrida antes de completar 184 dias, consecutivos ou não, de permanência no Brasil, dentro de um período de até doze meses;

V - **que se ausente do Brasil em caráter temporário, a partir do dia seguinte àquele em que complete doze meses consecutivos de ausência.**

(...)

(...)



Saída Definitiva



01

Comunicação de Saída Definitiva

To be submitted in the year of departure or by the end of February of the following year.

02

Declaração de Saída Definitiva

Once completed:

- The individual is generally treated as non resident for Brazilian tax purposes
- They no longer file the annual Declaração de Imposto de Renda

However:

- The individual may still hold assets or receive income in Brazil
- Brazilian taxes may still apply, but under the rules applicable to non residents
- Different tax rates and rules apply to residents and non residents (may be more or less expensive depending on circumstances)

Saída Definitiva

If Saída Definitiva is not completed, or if the individual continues to behave as a Brazilian tax resident, Receita Federal may still treat the person as resident.

- Possible **consequences:**
Dual tax residency between Brazil and the UK
- **Requirement to declare worldwide assets and income, including:**
 - UK employment income
 - UK bank accounts / pension funds
 - UK property
- Possible Brazilian taxation on UK income
- Administrative penalties and reporting obligations

UK Tax – Residency



UK tax residency is determined through the Statutory Residence Test (SRT).

Key factors include:

- **Days spent in the UK**
Not limited to the well known 183 day rule
- **Connection or “ties” with the UK:**
 - Family
 - Accommodation
 - Work
 - 90 day
 - Country

Once an individual becomes UK tax resident, the UK determines how their worldwide income and gains may be taxed.

How the UK Taxes Foreign Income



- **Historically:**
Non Domiciled Regime

- **Two possible approaches:**
Arising Basis (default)
Remittance Basis (had to be claimed)

- **From 6 April 2025:**
A new regime applies:
Foreign Income and Gains (FIG) Regime

Understanding these rules is important for individuals with income or assets outside the UK, such as:

- Rental income
- Dividends
- Interest
- Capital gains

Default UK Position

As a general rule:

UK tax residents are taxed on worldwide income and gains.

- **This applies:**

Regardless of where the income arises

Regardless of whether funds are transferred to the UK

Examples include Brazilian:

- Rental income
- Dividends
- Interest
- Capital gains

In some situations, Unilateral Relief may apply to mitigate double taxation.

2022 UK-Brazil Double Taxation Convention - **signed but is not yet in force.**

Historic Non Domiciled Regime

- **Under the previous regime:**
Individuals who were UK resident but not UK domiciled could choose between two approaches.
- **Arising Basis (Default)**
Foreign income and gains taxed in the UK as they arise.
- **Remittance Basis (Could be claimed)**
UK tax applied to:
 - UK source income and gains
 - Foreign income and gains remitted to the UK
- **Important considerations included:**
Where income and gains were earned
Whether funds were transferred to the UK

Foreign Income and Gains (FIG) Regime

From 6 April 2025

- **Key concept:**

A temporary period during which certain foreign income and gains may not be taxed in the UK

- **Purpose:**

To create a competitive tax framework for internationally mobile individuals relocating to the UK

Important considerations:

- **Eligibility** is subject to specific conditions, including the first four years of UK tax residence
- **Foreign income and gains** must still be declared, even if not taxed during the eligible period
- **Separate claims** must be made for foreign income and foreign gains, regardless of whether funds are brought into the UK
- **By opting into the FIG regime**, individuals lose entitlement to the UK personal income tax allowance and the annual capital gains tax exemption. In some cases, this may make the regime less advantageous than the default worldwide taxation basis

Temporary Repatriation Facility (TRF)

- It provides a transitional opportunity linked to end of the Non Domiciled regime.
- It allows former **Remittance Basis Users** to bring previously accumulated foreign income or gains into the UK.
- This could facilitate the purchase of UK property.

- **Potential benefits include:**

Reduced tax rates on designated funds
(12% - 15%)

- **However:**

The facility is available for 3 years (2025/26 to 2027/28)
Eligibility conditions apply



Exchange of Information:

- The **UK and Brazil** have strengthened cooperation through frameworks for sharing tax information:
 - **Automatic Exchange of Financial Account Information (AEOI / CRS)**
 - More than 100 jurisdictions participate in the **Common Reporting Standard (CRS)**. In 2022, information was exchanged on **123 million bank accounts worth EUR 12 trillion**.
 - **Tax Information Exchange Agreement (TIEA)** - not in yet in force
- **Future development**
 - Since December 2025 - Brazil and UK among 26 jurisdictions committed to the OECD's new Automatic Exchange of Information on **Immovable Property (IPI MCAA)**. Exchanges to begin by 2029 or 2030.
 - Property ownership, acquisitions, disposals and related income.



Source of Funds Documentation

- UK property transactions involve strict compliance and anti money laundering procedures.
- Banks, lenders and solicitors must verify the origin of funds used in the purchase.

Clear documentation
is essential.

Common Pitfalls in UK– Brazil Tax Planning

- 01 Failure to declare UK property to the Receita Federal while still treated as Brazilian tax resident
- 02 Different inheritance tax treatment depending on whether a formal saída definitiva from Brazil was completed
- 03 Large international transfers may trigger HMRC enquiries regarding foreign income and worldwide income reporting
- 04 Ownership of Brazilian property may increase UK Stamp Duty Land Tax on the purchase of UK property
- 05 Difficulty demonstrating the origin of accumulated wealth to both Receita Federal and HMRC

Thank you!



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