UK Relocation to Dubai & Abu Dhabi

The numbers, the process, and the property strategy.

UK TAX CASE · RESIDENCY & VISA · PROPERTY ANCHOR

By Indiana · UAE Pinnacle Advisory · theoffplan.com

The UK has not raised its income tax rates significantly in recent years. It has not needed to — it has quietly tightened reliefs, lowered thresholds, and added surcharges that collectively produce the same effect. A UK professional at a meaningful income level in 2026 is not paying more than their parents did in headline rate terms. They are often paying more in effective rate terms. The maths on a UAE relocation has never been cleaner.

01

The UK Tax Position — Why Now

The argument for a UAE relocation is not a recent invention. What has changed is the accumulated weight of UK tax policy changes since 2016: the buy-to-let mortgage interest relief removal, the additional dwelling SDLT surcharge (3% above standard rates for investment properties), the reduction of the capital gains annual exempt amount from £12,300 to £3,000, pension annual allowance tapering for high earners, and the progressive narrowing of reliefs across inheritance, dividend and business asset disposal categories. None of these changes individually was catastrophic. Together, they represent a systematic compression of after-tax wealth accumulation for UK professionals and business owners.

The personal allowance trap. Between £100,000 and £125,140, the UK personal allowance (£12,570 in 2025-26) is withdrawn at the rate of £1 for every £2 of income above £100,000. This creates an effective marginal tax rate of 60% on income in that band — not 40%, not 45%, but 60%. A GP partner, a law firm associate, a successful consultant or business owner at this income level is paying 60p in tax on every additional pound earned in a £25,140 window. This is not a rumour or a simplification. It is the current UK tax law.

The dividend extraction problem. A limited company owner in 2026 faces corporation tax at 25% on profits (up from 19% before April 2023), then additional-rate dividend tax at 39.35% on distributions above £125,140. The combined effective rate on profit extracted as a dividend above the additional-rate threshold is approximately 54.5%. Add employer NIC on any salary element and the effective rate climbs further. The accountants who advised clients on company structures in 2019 are now re-modelling those structures in the light of a corporation tax rate that is 32% higher and a dividend environment that has removed most of the prior efficiency.

60%	54.5%	0%
EFFECTIVE RATE: £100K–£125K UK BAND	COMBINED RATE: UK CORP TAX + DIVIDEND	UAE PERSONAL INCOME TAX

The Legal Framework — How Relocation Works

02

Relocating for tax purposes is legal, well-precedented, and well-practised. The key legal concept for a UK person is **domicile** — specifically, the distinction between UK domicile (permanent home) and UAE residency. This is specialist territory requiring advice from a UK-qualified international tax solicitor. The outline below is informational; the specifics of any individual's position require professional legal advice.

Step 1: Establish UAE tax residency. The UAE issues tax residency certificates to individuals who meet certain residency criteria — typically 183 days or more in the UAE per tax year, or 90 days with a demonstrated centre of life and economic interests in the UAE. This certificate is the documentary foundation for claiming UAE tax resident status under relevant double tax treaties.

Step 2: Manage UK domicile carefully. The UK-UAE double tax treaty (in force) governs which country has taxing rights on different income streams. A UK domiciled individual who becomes UAE resident but retains UK domicile remains subject to UK inheritance tax on worldwide assets. Managing the transition from UK domicile is a long-term process — not achieved simply by moving. Specialist legal advice on domicile intention, asset structuring and the timing of the move is essential.

Step 3: Secure the Golden Visa. A property investment of AED 2M or above qualifies for the UAE Golden Visa — a 10-year renewable residency right covering the investor and immediate family. The Golden Visa does not require employment in the UAE and does not restrict business activities. It is the residency anchor for the tax position.

Step 4: Structure UK income cessation. UK-source income (rent from UK property, UK employment income, UK business income) generally remains taxable in the UK even after becoming UAE resident. The treaty limits double taxation but does not eliminate UK source-jurisdiction taxing rights. A full relocation plan needs to address UK source income: selling UK property (or transferring to a structure), closing or transferring UK business interests, or accepting ongoing UK tax on UK sources.

Why Property Is the Anchor

03

Property in the UAE performs three functions simultaneously for a relocating UK professional: it generates the Golden Visa threshold, it produces tax-free income replacing the UK rental income they are typically exiting, and it builds a capital position outside the UK IHT framework over time.

The Golden Visa threshold. AED 2M is approximately £545,000 at current rates. For a professional selling a UK buy-to-let — which for many is the most sensible source of capital — the proceeds of a Zone 2-3 London flat redeployed into UAE property covers the Golden Visa threshold, removes the UK buy-to-let from the income tax position, and replaces a 1.5-2% net yield with a 4.8-6% net yield in a zero-income-tax environment.

The IHT position. UK inheritance tax applies to UK domiciled individuals at 40% above the £325,000 nil-rate band on worldwide assets. UAE property held by a UAE resident is outside UK IHT on the situs principle — property is generally taxed by the jurisdiction where it is located. The UAE has no inheritance tax on property. Over a 20-year career in the UAE, the compound difference in estate value between a UK and UAE domicile position on the same asset base is not small — it is potentially the difference between a fully preserved estate and one taxed at 40% above the threshold.

> *"Property in the UAE is not just an investment. For a UK professional making this move, it is the legal anchor for residency, the tax-free income replacement, and the IHT-protected capital position — simultaneously."*

Where to buy. For the relocating UK professional at AED 2M–5M, the primary question is: do you want to live in it, rent it, or both? Al Maryah Island branded product (Jumeirah, St Regis) serves the live-in / prestige-address buyer. Al Ghadeer and comparable Abu Dhabi border communities serve the yield-focused buyer at a lower entry. Dubai villa corridors and branded residences serve the capital-growth buyer at various entry points. The right answer depends on your relocation timeline, income profile and existing assets. I advise on this directly.

MY POSITION

A UK professional who makes this move with proper planning — legal advice on domicile, UAE Golden Visa secured through property, UK income sources addressed — is not making a rash decision. They are making the same decision that every generation of internationally mobile professionals has made when the arithmetic in their home country no longer makes sense. The UAE is the most accessible, legally robust and financially compelling destination for that move currently available to UK nationals. The property strategy is where I come in.