PINNACLE GUIDE 11

When the Numbers People Leave

The UK tax case for UAE relocation — in plain English.

UK TAX REALITY · UAE ALTERNATIVE · WHAT IT COSTS TO STAY

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A UK chartered accountant called me recently. Runs his own practice. Spends his professional life understanding the tax code better than almost anyone. He told me he had finally run the numbers on his own position. His conclusion: he was losing 50-60% of income across all the taxes — and his asset position had barely moved in four years despite billing more each year. He is the third UK professional this month to call me. When the people who understand the system start looking for the exit, they know something the rest of us are still working out.

The UK Tax Reality for a Professional or Business Owner

01

The claim that a UK professional pays 50-60% across all taxes is not rhetorical. For a limited company owner or senior professional at a meaningful income, it is straightforwardly arithmetic.

Scenario A: Higher-rate PAYE employee, £130,000 salary. Above £125,140: 45% income tax + 2% NIC = 47% effective marginal rate. On the band £100,000–£125,140: the personal allowance withdrawal creates a 60% effective rate. Average effective rate on income above £100,000: approximately 50-53%. Below £100,000: 40% income tax + 8% NIC = 48% on the £50,270–£100,000 band. The accountant's estimate of 50-60% across the position is accurate and, if anything, conservative.

Scenario B: Limited company owner, £300,000 profit. Corporation tax: 25% on profits = £75,000 to HMRC. Remaining £225,000 available to extract. Taking as additional-rate dividends: 39.35% dividend tax. Combined effective rate on the profit: 25% + (75% × 39.35%) = 54.5%. Add employer NIC on any salary element and the total climbs further. The accountant who estimates 60% is being precise, not hyperbolic.

Scenario C: Property investor, £50,000 rental income. Higher-rate income tax on rental receipts: 40% = £20,000 to HMRC. Mortgage interest: only a 20% tax credit applies (not full deduction). On a mortgage-funded property, the effective tax is often higher than the headline 40% because the gross income is taxed without full deductibility of the financing cost. Net yield after tax: often 1.5-2% on the capital employed.

60%	54.5%	£150k
UK EFFECTIVE MARGINAL RATE — £100K–£125K B	UK COMPANY OWNER: COMBINED CORP + DIVIDE	TAX SAVING PER YEAR ON £300K PROFIT IN UAE VS UK

What the UAE Offers — Not a Loophole, a Policy Decision

02

The UAE has chosen not to levy personal income tax. This is a sovereign policy decision by a government whose revenues come primarily from oil, tourism, sovereign investment returns and an expanding non-oil private sector. The UAE does not need personal income tax to fund government services. It has also calculated that attracting high-earning international residents is more valuable, long-term, than taxing them.

This is not a tax haven in the traditional sense — the UAE is not a secretive, low-regulation jurisdiction. It is a transparent, internationally cooperative sovereign state (OECD-compliant, committed to FATF standards) that simply does not have personal income tax as part of its fiscal framework. That distinction matters for UK professionals thinking about long-term residency: the UAE is not a place to hide money. It is a place to earn it without paying half of it to a tax authority.

For the UK professional running the comparison: a £300,000 equivalent income in the UAE, earned from UAE business activities or investments, is received gross. Zero income tax. Zero NIC. Zero corporation tax below the AED 375,000 (approximately £102,000) threshold for small businesses. The £150,000 annual difference between the UK and UAE tax position on that income is not a rounding error — it is a career-defining number.

> *"The accountant did not call me because he was angry about UK taxes. He called me because he had done the maths — and the maths was clear. It is not an emotional decision. It is the kind of calm, evidence-based decision that someone who understands numbers makes when they finally apply that expertise to their own position."*

What It Costs to Stay — The Opportunity Cost

03

The standard framing for a UK-to-UAE relocation is: 'what does the move cost?' The more accurate framing is: 'what does staying cost?' The opportunity cost of remaining in the UK tax system, for a professional at meaningful income levels, is substantial and compounds year over year.

Income tax cost. A UK professional earning £200,000 in effective income (salary, dividends or profit extraction) and paying an effective combined rate of 50% retains £100,000. A UAE equivalent retains £200,000. The annual cost of staying: £100,000. Over a 10-year career: £1,000,000 — before investment returns on that retained capital. Over 20 years, assuming 5% annual investment return on the retained capital: the cumulative difference is well above £3M. This is the opportunity cost of the default position — staying where you are because it is familiar.

Capital gains cost. A UK investor building a property portfolio pays 24% CGT on every disposal above the annual exempt amount (now reduced to £3,000). A UAE resident investor pays 0%. Across a career of property investing with multiple transactions, the CGT difference alone can represent six figures in tax retained.

Inheritance cost. A UK domiciled estate passing £2M in assets pays approximately £670,000 in inheritance tax (40% above the £325,000 nil-rate band, assuming no residence nil-rate band applies). A UAE resident with a properly structured UAE domicile and UAE-situated assets pays nothing on those assets. One generation's difference in inheritance tax treatment on a £2M estate: £670,000.

The property anchor. For the UK professional making this move, UAE property is the practical anchor. The AED 2M Golden Visa threshold, the buy-to-let income at 0% tax, the capital growth at 0% CGT, the IHT-free estate position — these are the concrete reasons that property in the UAE is the first call I receive when someone decides they are ready to run the maths.

MY POSITION

The accountant who called me is not unusual. He is the third this month and one of dozens this year. The UK tax system is, for a certain income and asset level, no longer compatible with meaningful wealth accumulation at the rate that effort and ability should produce. The UAE is the clearest, most accessible alternative — a functioning, safe, internationally connected economy that does not take half of what you earn. The move requires proper planning. The property is where it starts. I advise on exactly that.