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LANDFALL GUIDE · MONEY, INVESTMENTS & RETIREMENT

Are my US mutual funds and ETFs a problem in the UK?

THE SHORT ANSWER

Often, yes. Most US funds don't have UK "reporting fund" status, so once you're UK resident, gains on them can be taxed as income rather than at lower capital gains rates. The best time to plan is before you arrive.

For US citizens and green card holders moving to the UK. Build your free, personal move plan at **yourlandfall.com/plan**.

General information, not personal tax, financial, legal or immigration advice.

Why US funds are a UK problem

From the UK's point of view, a US mutual fund or ETF is an **offshore fund**. Unless it has UK **reporting fund status**, which most US funds don't, gains when you sell are taxed as **income** rather than as capital gains. Income tax rates are higher, and capital gains allowances don't help.

Why UK funds are a US problem

It works the other way too. To the US, most UK and other non-US funds are **PFICs** (passive foreign investment companies), which come with harsh US tax and extra forms. So simply swapping your US funds for UK ones usually swaps one problem for another.

What people usually look at

These need personal advice, but the usual starting points are:

- **Timing:** selling or reorganizing before you become UK resident, while UK tax doesn't apply.
- **The four-year regime:** if you qualify for the FIG regime, foreign gains may be relieved from UK tax for your first four UK tax years.
- **What you hold:** individual shares, and the small number of funds with UK reporting status, are treated differently from typical US funds.
- **Retirement accounts:** funds inside a 401(k) or IRA are generally covered by the treaty's pension rules instead. See 401(k)s and IRAs.

What to do next

If you have a taxable brokerage account with funds in it, this is one of the most valuable steps to get right before you move. Build your move plan to see it in order with everything else.

See every step for your move. Answer five questions and get a free plan in the right order: yourlandfall.com/plan