



Non-dom regime reform

Brit abroad

I am a British citizen. I was born in the UK and lived there all my life until 10 years ago, when I retired and moved permanently abroad.

I still have a house in the UK, along with some cash deposits in a UK bank, some UK listed shares, my UK pension, as well as a holiday home overseas and some other European investments.



What do I need to think about?

Will I have to pay estate duty overseas when I die?

Would it matter if the beneficiaries of my Will are living in the UK?

Am I going to be outside the scope of UK IHT in the future?

What is the timing for the introduction of these new rules?

Should I update my Will when the UK IHT rules change?

What actions should I take?

What would happen to my UK IHT exposure if I became a UK resident again in the future?

Which changes could impact me?

In the UK Spring Budget on 6th March 2024, the former Government announced they were going to consult on changing IHT from a domicile-based tax to a residency-based one. It is expected that the new Government will continue with the consultation.

The changes expected to take effect from 6 April 2025 should charge an individual the UK Inheritance Tax (IHT) on their worldwide assets once they have been resident in the UK for 10 years. The individual should then remain within the scope of IHT for a further 10 years if they later become non-UK resident (referred to as the "10-year tail").

UK domiciled individuals who have left the UK more than 10 years ago should therefore consider whether they need to update their UK estate planning.

What information might I need to seek advice?

1. List of UK assets
2. List of non-UK assets
3. Details to support tax residency over the last 10 years
4. Outline of links/connection factors with the UK
5. Copy of the latest personal UK tax return
6. Copy of the latest Will

Pre-6 April 2025 possible actions

- Seek advice now about the impact of the IHT changes, possibly focusing on whether a new family trust for non-UK assets should be part of the estate planning strategy from 6 April 2025 (when the basis for charging IHT is expected to change).
- Be ready to re-consider this in January/February 2025 to confirm any intended actions and decide when to implement any agreed-upon actions.



Remember! Look out for updates in relation to the IHT consultation, in particular as to whether there are any other "connecting factors" that the Government introduces.



The relevance of residence and domicile to inheritance tax for all individuals and trusts with non-UK assets and the taxation of non-UK domiciled individuals as well as the taxation of settlors and beneficiaries of non-UK resident trusts are areas of UK tax legislation that are subject to changes in both the law itself and also the interpretation of that law. These personas are general in nature and do not constitute advice so should not be relied upon. They are based on Government announcements and published documentation at 8 July 2024 and our understanding of how the rules are likely to be applied in practice. However, given the inherent uncertainty regarding this area it is possible that the final tax position may be different to the one anticipated in our personas.

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