



## Non-dom regime reform Decennial

I am an overseas citizen. I think I am approaching my 10th anniversary in the UK soon (not sure exactly when). I unexpectedly inherited valuable overseas investment assets shortly after arriving, so I have been claiming the remittance basis. I was thinking about leaving the UK before I become deemed domiciled in the future.



### What do I need to think about?

Is there any action I should take whilst on the remittance basis of taxation?

What additional information do I need to report in my UK tax return from 6 April 2025?

What steps do I need to take now with respect to my global estate tax position?

How is the consultation on the IHT changes going to affect me?

Should I leave the UK earlier than planned?

### Which changes could impact me?

In the UK Spring Budget on 6th March 2024, the former Government announced the end of the “non-dom” regime from 6 April 2025. You probably won’t qualify for the replacement regime expected to be enacted by the new Government for newcomers, as you have been a UK resident for too long. The following transitional arrangements are expected from 6 April 2025:

- Individuals previously taxed on the remittance basis can choose to bring previously untaxed pre-April 2025 non-UK income and gains to the UK during the 2 years to 5 April 2027 and be taxed at a flat rate of 12%. It is possible that further reliefs for remittances beyond 2026/27 could be introduced.
- Individuals who previously claimed the remittance basis and sell assets after 6 April 2025 can choose to use the value of the asset at 6 April 2019, rather than its original cost, when calculating the resulting capital gain if this results in a lower capital gain.

A consultation is also expected on IHT reform from April 2025, shifting from a domicile-based tax to a residency-based one. This means individuals could be taxed on their worldwide assets after residing in the UK for 10 years with those leaving remaining in scope for an additional 10 years.

The former Government announced changes to the taxation of certain non-UK trusts for income tax and capital gains tax

purposes, which are expected to become law. In addition, the new government’s stated intention from April 2025 is that all foreign assets held in a trust will become subject to IHT, regardless of when the trust was settled, so that anyone living in the UK permanently will be paying UK inheritance tax on their worldwide estates. This significantly changes the current IHT exposure for foreign assets held in existing excluded property trusts (i.e., non-UK assets held in trusts that which were settled by non-UK domiciled individuals), which are at present outside the scope of IHT.

### What information might I need to seek advice?

1. List of UK assets
2. List of non-UK assets, including current MV and 6 April 19 MV if available
3. List of current bank accounts
4. Calculation of untaxed non-UK income and gains that have been received since the start of the period of UK residence
5. Understanding levels of non-UK income and gains that will arise post 6 April 2025
6. Copy of your Will and any estate planning advice previously obtained

### Pre-6 April 2025 possible actions

- Estimate UK tax liability post April 2025.
- Understand the application of the proposed transitional arrangements and any action to be taken to make use of them.
- Seek advice about IHT consultation and its impact on family estate planning.
- Discuss the timing of plans for leaving the UK and the tax impacts of doing so.
- Reassess your options and confirm any planned actions in January/February 2025 or earlier if the draft legislation becomes available.



**Remember! Look out for updates in relation to the draft legislation for the 4-year FIG regime.**



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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