



Non-dom regime reform

Newcomer

I am an overseas citizen. I have spent my career working in my family's very successful business, but personal reasons have led me to pursue a new business opportunity in the UK, which is exciting as I have never been there before, not even for a holiday! As my plans are flexible, I have not decided whether to become a UK resident in the UK tax year 2024/25 or 2025/26. Regardless of when I come, I plan to stay at least for the next 10 years whilst my children complete their schooling.

I have bought a new house in the UK, although I have homes elsewhere in the world, and investments of significant value (all outside the UK).



What do I need to think about?

Should I delay my arrival to the UK?

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

If I arrive in the 2024/25 tax year, how will I be taxed from 6 April 2025?

This sounds like a simple and low-tax regime for the first 4 years, how will these rules interact with my other global taxes?

Should I revisit my investment strategies to reflect the new 4-year FIG regime?

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. It is expected that the new Government will replace it with a new regime proposed by the former Government, meaning newcomers should instead qualify for a 4-year foreign income and gains ("FIG") regime. Claimants won't pay UK taxes on FIG in their first 4 years and can remit it tax-free. It is possible that UK investment income could be received tax-free if invested in the UK during the 4-year window too. The timing of your arrival in the UK is key, as it will determine which regime you will fall under.

A consultation is also expected on IHT reform from April 2025, shifting from a domicile-based tax to a residency-based one, as well as potential changes to the IHT treatment of offshore trusts. 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.

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. List of current bank accounts
5. Copy of your Will and any estate planning advice previously obtained

Pre-6 April 2025 possible actions

- Seek UK tax residency advice as soon as possible to determine when you will become a UK tax resident.
- Understand how "non-dom" and FIG regimes will apply.
- Discuss bank account structures and investment strategies with your wealth managers.
- Seek IHT advice and around the impact of proposed changes on your estate plan.
- 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 IHT consultation and 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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