



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 and 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?

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

What actions should I take?

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

Will it matter if the beneficiaries of my Will live in the UK?

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

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

Which changes could impact me?

In the UK Autumn Budget on 30 October 2024, the Government confirmed previous proposals to change the scope of UK Inheritance Tax ("IHT") from a domicile-based tax to a residency-based, which would take effect from 6 April 2025.

From 6 April 2025, an individual will be within the scope of IHT on their worldwide assets once they have been resident in the UK for 10 out of the last 20 tax years immediately preceding the tax year in which the chargeable event (including death) arises. Such individuals will be referred to as 'Long Term UK Residents'. The individual will then remain within the scope of IHT between 3 and 10 years if they later become a non-UK resident (referred to as the "IHT tail"). The length of the IHT tail will depend on the number of years the individual has been resident. The tail will be 3 years for individuals resident in the UK between 10 and 13 years, increasing by a year for each year of residence thereafter, capping out at a 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.

If you are the settlor of a trust which holds non-UK assets, an IHT charge could potentially automatically arise up to a rate of 6% on the value of the non-UK trust assets on 6 April 2025, if you are not considered a Long Term UK Resident at the time. This is because such

assets would become excluded property for IHT purposes and trigger an unexpected proportionate 'exit' charge for the trustees.

More widely changes to the IHT rules and pensions will also impact this individual, and will require review.

What information might I need to seek advice?

- List of UK assets.
- List of non-UK assets.
- Details to support tax residence over the last 10 years.
- Copy of latest personal UK tax return.
- Copy of latest Will.

Pre-6 April 2025 possible actions

- Seek advice now about the impact of the IHT changes.
- Confirm any intended actions and decide when to implement any agreed actions.



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