



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?

Should I leave the UK earlier than planned?

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

How much will my UK tax bill be from 6 April 2025?

How are the IHT changes going to affect me?

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

Which changes could impact me?

In the UK Autumn Budget on 30 October 2024, the Government announced the end of the “non-dom” regime from 6 April 2025. You won’t qualify for the replacement regime for newcomers as you have been a UK resident for too long. In the Budget, the Government confirmed the following transitional arrangements will be available 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 after 6 April 2025 and pay a reduced tax rate of 12% in the tax years 2025/26 and 2026/27, increasing to 15% in the 2027/28 tax year on the remittance for a limited time period of three tax years.
- Individuals who previously claimed the remittance basis and sell non-UK assets after 6 April 2025 can choose to use the value of the asset as of 6 April 2027 and substitute original cost with that valuation when calculating the resulting capital gain if this results in a lower capital gain.

The abolition of the “nom-dom” regime also entails changes to the taxation of certain non-UK trusts for income tax and capital gains tax purposes that will become law from 6 April 2025.

The Government is pressing ahead with IHT reform from April 2025, shifting from a domicile-based tax to a residency-based one. This means individuals will be taxed on their worldwide assets after residing in the UK for 10 out of the last 20 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’, with those leaving remaining in scope for between an additional 3 to 10 years depending on how long they have been tax resident in the UK prior to their departure. In addition, the Government have confirmed that from 6 April 2025 all foreign assets held in a trust will become subject to IHT to the extent the settlor is a Long Term UK Resident, 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 an existing excluded property trusts (i.e., non-UK assets held in trusts that were settled by non-UK-domiciled individuals) that are at present outside the scope of IHT.

What information might I need to seek advice?

- List of UK assets.
- List of non-UK assets, including current MV and be ready to assess MV for April 2017.
- List of current bank accounts.
- Calculation of untaxed non-UK income and gains that have been received since the start of the period of UK residence.
- Understanding levels of non-UK income and gains that will arise post 6 April 2025.
- 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 these.
- Seek advice about IHT changes and impact on family estate planning.
- Discuss the timing of plans for leaving the UK and the tax impacts of doing so.
- Assess your options and confirm any planned actions and decide when to implement any agreed actions.



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