



Non-dom regime reform

GMS - Head of Mobility / HR

I am responsible for my organisation's population of internationally mobile employees, including those who are currently living and working in the UK on assignment and those who are planning to do so in the next 12-24 months.

My role includes oversight of tax compliance matters associated with the international mobility process; assignment-related cost management; monitoring and analysing global mobility trends and anticipating any future developments that may be relevant; ensuring assignment and expense policies are kept up-to-date; and supporting a positive assignment experience for our assignees.

The abolition of the non-dom basis of taxation and the introduction of the Foreign Income and Gains (FIG) regime will have a significant impact on some of our internationally mobile workers who are non-domiciled in the UK.



What do I need to think about?

What opportunities might these changes present? Will the transitional measures be of interest to some of our existing non-doms? We should also be thinking about the timing of upcoming assignments – accelerating or deferring an individual's arrival in the UK may be advantageous depending on their eligibility for the new or old set of rules.

What about our wider population of non-doms who are working in the UK on local terms? Do we need to be doing something for them?

In the meantime, what can I be doing to keep track of the evolution of these new rules under the new Government? The Finance Bill is progressing through Parliament and the abolition of domicile as a tax concept will also lead to consequential amendments to other areas of UK tax legislation. There's clearly a lot to be thinking about in the coming months.

How will this impact my existing assignee population? Should I be looking at a high-level impact assessment to get a sense of what support we might provide?

Should we be thinking about an employee communications programme around these changes? Current and future assignees will need to be briefed on the new rules.



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Which changes could impact me?

In the Autumn Budget on 30th October 2024, the Government confirmed the end of the “non-dom” regime from 6 April 2025, meaning that the remittance basis of taxation will no longer be available to non-domiciled individuals living and working in the UK.

In its place, a new elective regime will be introduced, exempting foreign income and gains from UK tax for new arrivals in their first four years of UK tax residence, provided they have been non-resident in the UK throughout the preceding 10 years. Those who are ineligible for the new regime will instead be taxed on the arising basis on their worldwide income and gains in the same way as UK-domiciled individuals who are resident in the UK. These changes will impact individuals already living and working in the UK, as well as those who are planning to come here in future.

Overseas Workday Relief (OWR) will remain available to some of our international assignees, though in the future it will only apply to individuals who are eligible for the new FIG regime. In the interim, there will be transitional measures applicable to existing OWR claimants. In addition, as part of the package of measures supporting this change, the following transitional arrangements are expected from 6 April 2025:

- Individuals previously taxed on the remittance basis can choose to bring untaxed pre-April 2025 foreign income and gains to the UK and be taxed at a preferential rate, provided those amounts are designated as such during a three-year window from 6 April 2025 to 5 April 2028;
- Individuals who previously claimed the remittance basis and sell foreign assets after 6 April 2025 can choose to use the rebased value of the asset, rather than its original cost, when calculating the resulting capital gain if this results in a lower capital gain. The effective rebasing date will be 5 April 2017.

The Government is also reforming Inheritance Tax 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 and potentially remaining within the scope of the regime for as much as an additional 10 years after

breaking UK tax residency. This is causing significant concern for a number of our non-dom executives who have been based in the UK on a mid- to long-term basis and are now evaluating their next steps.

The Government announced changes to the taxation of certain non-UK trusts for income tax and capital gains tax purposes. In addition, all foreign assets held in a trust (specifically Excluded Property Trusts) will be brought within the scope of worldwide IHT where an individual is liable, irrespective of whether those assets were settled pre- or post-April 2025.

What information might I need to seek advice?

- A list of current non-dom assignees and other non-dom executives based in the UK.
- Details of upcoming UK-inbound assignments.
- A view on the preferred means, level and timing of communications within the organisation.

Pre-6 April 2025 possible actions

- Review the impact of the changes on the existing non-dom workforce in the UK and determine priority actions.
- Ensure colleagues in the wider Mobility and HR teams are aware of the forthcoming changes to the extent it will be relevant to their roles.
- Consider a communications plan to ensure all relevant parties are suitably briefed once the details of the new measures are ascertained.
- Start factoring in the impact of the new FIG regime when planning upcoming UK-inbound assignments.
- Keep abreast of policy changes and developments as the FIG regime’s consultation process evolves.



Remember! Look out for updates about the Autumn Budget and further detail about the abolition of “non-dom” regime and IHT changes.