



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 had 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 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?

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

If I arrive in the 2024/25 tax year, how will I be taxed from 6 April 2025 to reflect the new 4-year FIG regime?

How are the IHT changes going to affect me?

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

Which changes could impact me?

In the UK Autumn Budget on 30 October 2024, the Government confirmed the end of the "non-dom" regime from 6 April 2025 replacing it with a new regime. Newcomers should instead qualify for a 4-year foreign income and gains ("FIG") regime provided they have not been UK tax residents for 10 consecutive tax years prior to the tax year they commence UK residence. Claimants won't pay UK taxes on FIG during their first 4 tax years (depending on when they first became a UK resident) and can remit it to the UK tax-free. The timing of your arrival in the UK is key as it will determine which regime you will fall under and how many years of FIG regime relief you could claim.

The Government is pressing ahead with IHT reform from 6 April 2025, shifting from a domicile-based tax to a residency-based one as well as making changes to the IHT treatment of offshore trusts. This means individuals will be subject to UK IHT on their worldwide assets after residing 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', with those leaving remaining in scope for between an additional 3 to 10 years depending on how long they had been a tax resident in the UK prior to their departure.

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.
- List of current bank accounts.
- 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 on the impact of proposed changes on your estate plan.
- Assess your options and confirm any intended actions and decide when to implement any agreed actions.



Remember! Look out for updates about draft legislation for the IHT changes and the 4-year FIG regime.