



European Regional Conference 2025

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of Strategic Alliances





UK TAX UPDATE & NON DOMICILE TAX REFORM

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CHARTERED ACCOUNTANTS

UK Autumn Budget 2024 and Spring Budget 2025 - What's New?

- Domestic Corporation Tax Main Rate frozen at 25%
- UK Personal Tax Allowances and Tax Rates Frozen.

Band	Taxable income	Tax rate
Personal Allowance	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	over £125,140	45%

- Employers National Insurance Contributions (NIC) rate increased from 13.8% to 15%. Employers NIC threshold reduced from £9,100 to £5,000 per employee.

- Capital Gains Tax (CGT) on individuals increased from 20% to 24% as of 30th October 2024.
- ‘Business Asset Disposal Relief’ for UK tax residents on shares/interests in UK businesses – CGT increased from 10% to 14% on 6th April 2025, with a further increase to 18% from 6th April 2026.
- Stamp Duty Land Tax - Surcharge for ‘additional’ UK dwellings increased from 3% to 5% from 31st October 2024.
- R&D Tax Credits – UK HMRC consultation – from April 2026 Advance Assurance required before making a claim
- Non-UK Domicile tax reform – changes apply from 6th April 2025.

UK NON DOMICILE TAX REFORM

UK NON DOMICILE TAX REFORM

Why was Domicile important?

The 'Remittance Basis' was available to income and gains subject to UK Income Tax and UK Capital Gains Tax



Foreign assets were exempt from UK Inheritance Tax

UK NON DOMICILE TAX REFORM

Let's begin with the basics...

- The UK is moving away from a **domicile** based system. Income Tax, Capital Gains Tax and Inheritance Tax will be (mostly) based on **tax residency**.
- All UK resident individuals will pay tax on any **worldwide income and gains** arising after 5 April 2025 and the remittance basis will come to an end.
- There is a **Four-year FIG (foreign income and gains) Regime** available for those who come to the UK after 10 years of non-UK residence.
- **Overseas Workday Relief (OWR)** will be available for 4 years if qualifying for the FIG Regime.

UK NON DOMICILE TAX REFORM

- There is a **Temporary Repatriation Facility (TRF)**
- Non-UK assets will be subject to 'rebasings' rules for Capital Gains Tax (CGT) purposes.
- **Inheritance Tax (IHT)** will also become a residence-based system with effect from 6 April 2025. Domicile will become a largely irrelevant concept (except for some transitional provisions and perhaps for the purpose of some estate tax treaties)

UK NON DOMICILE TAX REFORM

THE FOUR-YEAR 'FIG' REGIME

- Qualifying individuals will be able to claim relief from UK tax for any non-UK income and gains arising in the **first four years** of their UK tax residence.
- The four-year FIG regime will be available to those who come to the UK after a period of 10 consecutive years of non-residence and will apply from 6 April 2025.
- It will be available for the first four tax years of UK residence and, for this purpose, split years and years of treaty non-residence will count. It will only be available for a maximum of four consecutive years from the first year of residence.
- Individuals who have been UK resident for fewer than 4 years at 6th April 2025 are eligible for the scheme for the remaining time.

UK NON DOMICILE TAX REFORM

THE FOUR-YEAR FIG REGIME (Cont.)

- An individual can claim for income only, for gains only or for both. They will need to make a claim for each source of income and/or gain on which relief is being sought and will need to include amounts on their UK tax return.
- Individuals who claim relief under the four-year FIG regime will lose entitlement to the personal allowance for income tax and the annual exempt amount for capital gains tax (CGT).
- There are special (and complex) rules dealing with benefits from offshore trusts and income subject to transfer of assets abroad rules in respect of the FIG regime.

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Non Domicile 'FIG' Regime - LOSERS

More complex
tax reporting

Non-Doms
claiming the
remittance
basis for more
than 4 years

Moving part
of the way
through the
tax year

UK NON DOMICILE TAX REFORM

Non Domicile 'FIG' Regime - WINNERS

Those moving to the UK on a permanent basis

Having a UK domicile of 'origin' and returning to the UK

Remittance basis users with unrealised capital gains

Current Non-Doms wanting to benefit from the 'TRF'

Those staying for fewer than 4 years

UK NON DOMICILE TAX REFORM

TEMPORARY REPATRIATION FACILITY (TRF)

- The TRF is intended to encourage previous remittance basis users to remit their previously untaxed Foreign Income and Gains (FIG) to the UK at a reduced rate.
- The TRF will be available for three years starting from 6th April 2025
- ‘Designated amounts’ will be subject to a tax rate of 12 percent in the first two tax years (2025/26 and 2026/27) and then 15 percent for 2027/28, the final year.



UK NON DOMICILE TAX REFORM

TEMPORARY REPATRIATION FACILITY (TRF)

- Individuals will be able to designate amounts which either are or derive from FIG arising prior to 6 April 2025. They can do this without the need to remit the funds to the UK immediately.
- The TRF is non refundable so individuals should consider their plans and financial position carefully.
- Once the designation has been made, a future remittance will not need to be declared.

UK NON DOMICILE TAX REFORM

UK Capital Gains – Rebasing

- Current non-UK domiciles will be able to rebase non-UK assets held on 5th April 2017 to their value on that date.
- This effectively wipes out all gains arising before 5th April 2017 for UK capital gains tax purposes.
- Be careful! What money was used to acquire the asset in the first place? Consider FIG regime and remittance basis.

UK NON DOMICILE TAX REFORM

UK Capital Gains – Rebasing

- Consider ‘Manual Rebasing’ when someone is either returning to the UK or entering the UK for the first time.
- If you were to come to the UK and sell those assets from your first day of residence, you would have previously been taxable on the whole gain.
- What is the CGT position in the current country of residence? Can you sell them and buy them back before you come to the UK? Base cost uplifted to current value.
- If the individual qualifies for the FIG regime, they can do this in the first 4 years of UK tax residence.

UK NON DOMICILE TAX REFORM

OVERSEAS WORKDAY RELIEF (OWR)

- Prior to 5th April 2025 – Under the OWR system, duties performed outside of the UK as part of an employment with a UK employer were exempt from UK tax if:
 - > The employee was non-UK domicile
 - > They were taxed on the remittance basis
 - > Their earnings weren't remitted to the UK
- This tax relief was available for up to 3 years



UK NON DOMICILE TAX REFORM

OVERSEAS WORKDAY RELIEF (OWR)

- **From 6th April 2025** eligibility will be based on the employee's residence instead of their domicile (UK domiciles employees can claim if eligible for FIG regime).
- People arriving in the UK to work as employees who haven't been UK resident for 10 previous consecutive tax years – can claim OWR with the following conditions:
 - Available for up to 4 years (previously 3 years)
 - Remuneration for non-UK duties will be exempt from UK tax regardless of remittance.
 - Capped at the lower of £300,000 or 30% of global income per tax year

UK NON DOMICILE TAX REFORM

INHERITANCE TAX (IHT) CHANGES

- UK IHT will now be based in tax residency rather than domicile
- UK IHT will now be payable on an individuals **worldwide assets** if they have been UK tax resident for at least 10 out of the last 20 years immediately preceding the tax year of death.
- If an individual has been UK tax resident for 9 or fewer of the last 20 years, IHT will only be payable on their UK assets.
- Expats leaving the UK will have a 'tail' period during which they will remain subject to IHT on worldwide assets based on how long they were previously UK resident.

UK NON DOMICILE TAX REFORM

INHERITANCE TAX (IHT) CHANGES

- The tail period will be a sliding scale as follows:

THE INHERITANCE TAX TAIL

Number of years of residence	Corresponding length of the tail
13 years or less	3 years
14 years	4 years
15 years	5 years
16 years	6 years
17 years	7 years
18 years	8 years
19 years	9 years
20 years	10 years

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IHT CHANGES - LOSERS

**Non-UK
domiciles
living in the
UK for 10-15
years**

**UK Expats
subject to the
IHT 'tail'**

Trusts

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IHT CHANGES - WINNERS

**Those moving
permanently
to the UK**

**UK domiciles
returning to
the UK**

**UK domiciles
leaving the
UK for more
than 10 years**

**Residence
based system
provides more
certainty**



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