

Changes to the UK Non-Dom Regime

- Current regime will cease from 6 April 2025. Going forward, in general, all UK tax residents will be subject to IT and CGT on their worldwide income and gains.
- Exemptions from IT and CGT on foreign income and gains for the first 4 years of UK tax residency following 10 consecutive years of non-UK tax residence. In contrast to current 'non dom' rules there is no requirement to keep monies outside the UK.
- Individuals subject to IT on only 50% of their foreign income in 2025/26, where they cease to be taxed under the remittance basis (due to changes) but do not qualify for the 4-year exemption. **Labour have pledged to scrap this proposal.**
- CGT rebasing to 5 April 2019 MV is available, for people claimed the remittance basis and are neither UK domiciled or deemed UK domiciled at 5 April 2025.
- Temporary flat rate of tax at 12% for remittances of foreign income + gains that were previously sheltered from UK tax under the remittance basis, for the 2025/26 and 2026/27 tax years. **Labour have announced that they will look at changing this proposal, possibly increasing the flat rate.**
- Moving Inheritance Tax (IHT) to a residence-based system.
- Removal of certain IT, CGT and IHT protections for foreign income, gains and assets in Trusts settled by non-doms. **Labour have pledged to remove these IHT protections.**

Winners

- Individuals who want to remit previously sheltered foreign income and gains – only pay 12%
- UK domiciled individuals who have been non-UK tax resident for 10 years - have access the 4-year exemption.
- Individuals coming to the UK for a shorter period than 4 years and who qualify for the 4-year exemption – not issues with remittances.
- UK domiciled individuals living overseas who may benefit from the IHT system moving to a residence based regime.

Losers

- Existing remittance basis users who may not qualify for the 4-year exemption.
- Non-doms who are planning on coming to the UK for more than 4 years.
- Non-doms who are planning on coming to the UK but do not qualify for the 4 year exemption.
- Individuals who have been in the UK for greater than 10 years and fewer than 15, who will fall within the scope of UK IHT.
- Individuals who will be subject to UK tax following the loss of protections on trusts settled by non-doms.