

UK Non-Dom Update History: Tracking Changes and Insights

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14th June 2024

Welcome to our UK non-dom Update History Page. As the landscape of UK tax policies evolves, we are committed to providing you with the most current and factual information to aid your decision-making process regarding relocation abroad. This page archives all our past updates on the UK Spring Budget proposals and related developments. Stay informed and explore our update history to track the progression of changes that could affect you.

To explore key considerations for UK non-dom individuals considering moving abroad, [visit our dedicated page.](#)

The government has now announced that changes to the current non-domicile regime will come to an end on 5 April 2025 and will be replaced by a residence based regime, as the previous government had announced. Some of the previous announcements will be adopted in some form. The 4-year foreign income and gains regime will come into effect for anyone who has not been resident in the UK in the previous 10 tax years. The transitional provision reducing foreign income by 50% will not be introduced. The transitional provision reducing the tax rates on previously unremitted income and gains will be introduced but the rate and time period is yet to be announced. Transitionally, for CGT purposes, current and past remittance basis users will be able to rebase foreign capital assets they hold to their value at the rebasing date when they dispose of them. The government is considering the appropriate rebasing date and will set this out at the Budget (which is now expected on 30 October 2024).

Unlike the previous government's announcement, a consultation will not be held on an overhaul of the inheritance tax regime and instead changes will be made from 6 April

2025. These are expected to include:

- Grandfathering of excluded property trusts so that everyone who is in scope of UK IHT will have their assets subject to UK IHT.
- A 10-year residence test, after which global assets will be subject to UK inheritance tax

The Labour Party has won the general election held on Thursday, 4th July. Over the coming weeks, we will provide further updates as more details about the Labour Party's plans and the legislative timetable become known.

Although Portugal narrowed the eligibility of the NHR (Non-Habitual Resident Regime) to specific activities, which offers tax breaks and incentives for up to 10 years, the government is now planning on reintroducing the tax regime to individuals. Over the coming weeks, we will provide more information.

The Labour Party has launched its election manifesto, which includes several pledges that could impact non-doms. Key proposals include:

1. Abolishing non-dom status: This will be replaced with a modern scheme for people genuinely in the country for a short period. No further details are provided in the manifesto, but it is expected to resemble Conservative policies announced in the Spring Budget. We understand that under Labour's proposals, the 50% reduction to tax on foreign income for 2025-26 would not be available.

2. Ending the use of offshore trusts to avoid inheritance tax: This was not part of the Conservative policies announced in the Spring Budget and would likely also impact deemed domiciled taxpayers who have already created protected settlements, which would otherwise avoid UK taxation.

3. Aligning the taxation of carried interest: This would be adjusted so it is subject to income tax rates instead of the lower capital gains tax rates.

4. Introducing an additional 1% SDLT charge on non-residents buying UK property.

As of 7th June 2024, no definitive changes have been enacted. The UK Spring Budget proposals are still under review and, given the forthcoming General Election, the current tax policies remain in place for the foreseeable future. However, individuals considering a move away from the UK would be well placed to start considering their options.