

UK Tax Residence - Planning Opportunities, Case Studies and How to Get it Right

By Paul Webb, 24th July 2025

Introduction

Major reforms regarding how new UK tax residents are taxed were introduced in April 2025. The changes have an impact on individuals who have been a tax resident in the UK for 4 years or more.

The Change from the Remittance Basis to the Foreign Income and Gains (FIG) Regime.

The remittance basis of taxation for non-UK domiciled individuals ceased on 5 April 2025 and was replaced with the new Foreign Income and Gains (FIG) regime. While initially more generous due to the initial UK tax exemption on foreign income and gains, the FIG regime is limited to a maximum of 4 years. After this period, individuals become fully taxable in the UK on their worldwide income and gains as they arise. In contrast, the remittance basis provided a tax advantage for up to 15 years.

UK Tax Residence and the Possibility of “Resetting” the Clock

The FIG regime is based on an individual’s UK tax residence. Individuals who are likely to be affected by the new rules should review their tax residence position and consider spending less time in the UK in order to cease being UK tax resident. This may allow them to avoid becoming subject to UK taxation on worldwide income or gains, if they wish to do so.

Through appropriate planning, ceasing to be UK tax resident for 10 years can result in the loss of FIG regime status. If individuals then choose to return to the UK and become tax resident again, the FIG year count will reset.

Additional detail regarding the factors affecting UK resident and non-resident status can be found in the following Dixcart Article: [The UK Resident/Non-Resident Test](#).

Tax Planning Opportunities

Individuals Seeking to Lose their UK Tax Residence

A Planning Example

Mr and Mrs Taxpayer spend between 125 and 140 days per year in the UK and have done so for the past years (all of which they have been UK tax resident). While they are in the UK, they stay in an apartment they own in London. For the remainder of the year, they primarily live in Spain.

Mrs Taxpayer is a consultant and, while in the UK, spends the equivalent of 1 day per week (i.e. 52 working days per year) providing consultancy services to UK based clients.

UK tax residency considerations will take into account the following factors:

- Mr and Mrs Taxpayer currently spend more than 120 days in the UK per year;
- Each spouse is UK tax resident;
- They have both spent more than 90 days in the UK in the previous 2 tax years;
- They have an apartment available to them while they are in the UK; and
- Mrs Taxpayer works in the UK for more than 40 days per year.

Mr Taxpayer is UK tax resident and has 3 connecting factors. Mrs Taxpayer is UK resident and has 4 connecting factors.

They both recognise that, under the new FIG regime, they will be taxed in the UK on a worldwide basis. This would be a significant cost to them, and they would therefore like to reconsider their UK tax residence position.

However, they would still like to spend time in the UK, particularly Mrs Taxpayer who does not intend to end her UK consulting work.

To cease their UK tax residence, both their day count in the UK and their “connecting factors”, as specified in the [UK Resident/Non-Resident Test](#), will need to be considered.

Question – Is it possible to maintain the same day count?

Answer – If they wish to retain their current UK day count, they would not be able to do so under any of the automatic non-residence tests and so they would both need to remove all connecting factors. However, this is not possible as they have already triggered the connecting factor of more than 90 days in the previous 2 tax years. It is therefore not possible to maintain this day count.

Question – If all connecting factors are retained, how many days would they need to reduce their day count to?

Answer – Mr Taxpayer would need to reduce his day count to below 91 days. Mrs Taxpayer would need to reduce hers to below 46 days, which would prevent her from working her current number of days in the UK. It is worth noting that if they reduce their day count to this level, after 2 years, they will no longer trigger the “90 day” connecting factor. After 3 years, they will be considered “arrivers”, so additional planning options might be available at this time.

Question – How many days can they spend in the UK each year?

Answer – The connecting factors and their status as “arrivers” or “leavers” will change over the years and therefore each year will need to be considered separately. If they are not prepared to sell the apartment and/or if Mrs Taxpayer intends to stop working as many days while in the UK (limiting work days to 40); the table below shows the maximum number of days they could spend in the UK while still meeting the requirement to lose UK tax residence for the full 10 year period.

	Year 1	Year 2	Year 3	Year 4	Year 5
Mrs Taxpayer	45	45	90	90	90
Mr Taxpayer	90	90	120	120	120

Question – How would their day count change if Mrs Taxpayer ceased working in the UK?

Answer – This would mean she would lose one of her connecting factors. Their day count would therefore mirror each other's:

	Year 1	Year 2	Year 3	Year 4	Year 5
Mrs Taxpayer	90	90	120	120	120
Mr Taxpayer	90	90	120	120	120

Question – If Mrs Taxpayer does not want to reduce the number of days she works in the UK, but they sold their apartment and stayed in a hotel while in the UK, would this change their position?

Answer – Yes, if care was taken to ensure that this placed them in a position to avoid the accommodation connecting factor, they would both have lost one of their connecting factors:

	Year 1	Year 2	Year 3	Year 4	Year 5
Mrs Taxpayer	90	90	120	120	120
Mr Taxpayer	120	120	120	182	182

The Positive Effects of Tax Planning

The example of Mr and Mrs Taxpayer illustrates the complexities of the statutory residence test and how, for a married couple, joint planning is crucial.

It also highlights how a single change (in this example, Mrs Taxpayer not working in the UK, or the apartment being sold) could allow them to become non-UK tax residents without significantly reducing their number of days spent in the UK.

Additional Information

If you require any additional information on this topic, please speak to Paul Webb at the Dixcart office in the UK: advice.uk@dixcart.com or to your usual Dixcart contact.