



THE NEW 2024 NON-DOM REGIME

In the recent Budget significant changes were announced to the non-dom rules and remittance basis of taxation. *Here's our key point summary:*

Non-domiciled individuals

- From 6 April 2025 the remittance basis will be abolished.
- Arrivals in the UK after 10 consecutive years of non-residence will be exempted from UK tax on foreign income and gains for the first 4 tax years.
- For each of the 4 tax years, a claim must be made, and you will lose both your personal allowance for income tax and annual allowance for capital gains tax for the year for which the claim is made.
- A tax year is counted if you are tax resident for any part of the tax year, i.e. split year treatment will not apply.
- Residence is decided by the statutory residence test (treaty residence is ignored).
- The 4-year clock starts in the first year becoming UK tax resident. If you leave and come back to the UK in the 4-year period, then you can resume the claim. However, you cannot reset the starting point of the 4-year period.
- After the 4-year period expires, you must be non-residence for 10 consecutive tax years to be able to start a new 4-year period.

Transitional arrangements

- Non-doms currently on the remittance basis, who are not eligible under the new rules, will pay income tax on 50% of foreign income in 2025/26. Foreign capital gains will be fully taxable (may be able to rebase acquisition costs to 5 April 2019 values).
- For 2025/26 and 2026/24 only, a temporary facility will be in place to allow former remittance basis users to elect to pay 12% tax on remittance of pre-6 April 2025 income and gains.
- Mixed fund ordering rules may be relaxed for the remittance purpose.
- These rules will not apply to foreign income and gains generated within trust structures.
- Capital gains tax rebasing to 5 April 2019 values for assets held personally and sold before 6 April 2025.

Overseas Workday Relief (OWR)

- From 6 April 2025 OWR will be based on the new residence-based regime.
- OWR will continue to give income tax relief on earnings from employment duties carried out overseas for the first 3 tax years in the UK.
- OWR will be available regardless of whether the earnings are remitted or not.
- OWR applies to income tax only and not to NIC.

Inheritance tax for non-doms (under consultation)

- Intention to move to residence-based regime from 6 April 2025.
- Applies to worldwide assets if resident for 10 tax years.
- Assets remain within UK scope for 10 years after leaving the UK. However, UK/SWE double tax treaty for IHT may apply. A Swedish national may then be able to move back to Sweden and only apply Swedish rules.

Please contact us if you would like to find out more or how this may affect you.

JOHAN AUREN

+44(0)7962235834

Johan.auren@accountum.com

OLGA NECHAEVA

+44(0)7590 833 405

olga@accountum.com