

CHANGES TO THE TAXATION OF NON-UK DOMICILED INDIVIDUALS

From 6 April 2025, a new regime for the taxation of UK resident non-domiciled individuals came into effect. HMRC have published a brand-new manual on the regime which can be viewed [here](#).

Until 5 April 2025, special tax rules applied to individuals who were resident in the UK but whose domicile (i.e. their permanent home, usually determined by their father's permanent home at the time the individual was born) was outside the UK. Such individuals could choose to either pay UK tax on their foreign income and gains as they arose or, alternatively, they could claim the remittance basis, which meant only foreign income and gains remitted to the UK were taxed.

From 6 April 2025, all UK residents will be taxed on the arising basis of assessment. The remittance basis will no longer be an option. A new regime for Foreign Income & Gains (FIG) will be available to individuals for their first four years of UK tax residence after a period of 10 years non-residence. Individuals who make a claim to use the new 4-year FIG regime will not pay tax on FIG arising in those four years. Former remittance basis users will continue to pay tax on FIG that arose before 6 April 2025 that they remit to the UK.

New rules also apply for Inheritance Tax (IHT) purposes. The new test for whether non-UK assets are in scope for IHT is whether an individual has been resident in the UK for at least 10 out of the last 20 tax years immediately preceding the tax year in which the chargeable event (including death) arises. This is known as being a 'long-term UK resident'. Where an individual is a long-term UK resident and becomes non-UK resident, they will remain in scope for IHT for a minimum of 3 years and a maximum of 10 years depending on the amount of time they resided in the UK.