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Changes to the non-UK Dom status rules

The Labour Government will implement the four-year foreign income and gains (FIG) regime announced by the previous government. It will take effect for all foreign income and gains arising from 6th April 2025.

- The FIG will allow qualifying individuals to not pay tax on FIG arising during their first four years of being UK tax resident.
- Like the current remittance basis, individuals choosing to be taxed under the FIG regime will lose entitlement to personal allowances and the capital gains tax annual exempt amount.
- Individuals who have been UK resident for less than four years on 6 April 2025 (following a period of 10 tax years of non-UK residence) will be able to use the FIG regime for the remainder of those four years.
- The policy announced by the previous government, providing a 50% reduction in foreign income subject to tax for individuals who lose access to the remittance basis in the first year of the new regime, will not be introduced.

However, a form of Overseas Workday Relief (OWR) will be retained. The exact details have yet to be worked out.

- The government intends to replace the current domicile-based inheritance tax (IHT) system with a new residence-based system from 6 April 2025.
- The basic test for whether non-UK assets are in scope for IHT from 6 April 2025 is expected to be whether a person has been resident in the UK for 10 years prior to the tax year in which the chargeable event (including death) arises, with provision to keep a person in scope for 10 years after leaving the UK.
- The Government will end the use of excluded property trusts (EPTs) to keep assets outside the scope for IHT. They are still working on how to treat those EPTs set up in advance of any new legislation on this matter including assets placed within that trust prior to it.



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