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Reforms to the taxation of non-UK domiciliaries with effect from 6 April 2025

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	<i>Changes to the existing remittance basis regime from 6 April 2025</i>	<i>NEW - “4 year FIG Regime”</i>	<i>NEW “Temporary Repatriation Facility” (TRF)</i>	<i>NEW - Rebasing Relief</i>
<i>Who is eligible</i>	No-one! The regime has been abolished	Individuals who have been non-UK tax resident for at least 10 consecutive tax years. Split years and years of treaty non-residence are included as years of residence	UK residents who (i) have been eligible for the remittance basis prior to 6 April 2025 (it is not necessary to have “claimed” the remittance basis) and (ii) have some unremitted old FIGs	UK residents who (i) have claimed the remittance basis in at least one tax year between 2017/18 and 2024/25; and (ii) have not been UK domiciled or deemed domiciled before 6 April 2025
<i>To what does it apply?</i>	The remittance basis rules will remain relevant to the foreign income and gains of remittance basis users from tax years before 6 April 2025 (“Old FIGs”)	Non-UK source income and gains (including certain employment income relating to duties performed outside the UK) Referred to as “FIG” (Foreign Income and Gains)	Old FIGs It is possible to designate cash or assets	Personally held foreign assets as of 5 April 2017 and disposed of on or after 6 April 2025
<i>How does it work?</i>	In addition, the rules are being tweaked from 6 April 2025 to extend the meaning of “remittance”	The regime is available for the first four years of tax residence only It must be claimed, but claims can be made on a year by year basis Claimants are required to identify the FIG that they wish to shelter from UK tax using this regime and report this on their UK tax return	A claim must be made to “designate” the relevant Old FIGs as “TRF Capital” in a tax return by 31 January two years after the end of the relevant tax year	A claim for relief must be made

<i>What is the effect</i>	Although the remittance basis is no longer available for future tax years, it remains relevant to past tax years and there are now a wider range of circumstances in which Old FIGs can be remitted to the UK by a UK tax resident	For the first four years of residence, FIGs will not attract UK income tax or capital gains tax (and can be used in the UK without attracting tax) Those who became resident in 2022/23, 2023/24 and 2024/25 will be able to claim for whatever is left of their first four years of UK tax residence	The designated Old FIGs are subject to a flat TRF charge of 12% for 2025/26 and 2026/27 and 15% for 2027/28 There is no requirement to remit all or any of the designated amount	The value of the asset is rebased to its market value on 5 April 2017
<i>How long does it last</i>	The fact that Old FIGs are still governed by the old rules mean that the remittance basis will remain relevant for years to come	A maximum of four tax years	The deadline for a claim for 2025/2026 is 31 January 2028 and so on	There is no limit on the timing of the future disposal
<i>What are the downsides</i>	Anyone who is UK tax resident and has previously used the remittance basis will therefore need to continue to monitor remittances of their Old FIGs (even if there has been an intervening period of non-residence)	Loss of annual personal income tax and capital gains tax allowances and the ability to deduct foreign losses realised in that year from chargeable gains It is available for a far shorter period than the remittance basis	Loss of the ability to claim foreign tax credits on the designated amount	None that we can see
<i>Observations</i>	It is disappointing that the government has not taken the opportunity to phase out the complex remittance basis rules completely. It is even more baffling that they have chosen to extend the meaning of remittance	Removing “domicile” as a relevant factor should give greater certainty to taxpayers The new regime will also be available to those who want to move permanently to the UK from the outset and for UK domiciliaries who are returning to the UK after 10 years of absence	This will be attractive for those with Old FIGs which, if designated, can be remitted with no further UK tax	This will be attractive for those remaining in the UK who did not have the option of manually rebasing asset values before 6 April 2025



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