



# Preparing for the 2025 scrapping of non-domiciled tax status

Chancellor Jeremy Hunt's March Budget included an announcement that non-domiciled tax status is to be abolished.

From 6 April 2025, a residence-based tax regime will be introduced for non-UK domiciled individuals.

Under the current regime, non-domiciled individuals can elect not to pay UK tax on their foreign income or gains if the individual does not bring them into the UK (the remittance basis).

This basis can last until they have been UK tax resident for more than 15 out of the last 20 years, with a charge applying after year seven.

Under the new proposals, individuals will not pay UK tax on any foreign income or gains arising in their first four years of tax residence (provided they have been non-UK tax resident for the previous 10 years) and be able to freely bring those funds into the UK.

After four years, those who continue to live in the UK will pay the same tax as other UK residents.

Transitional arrangements will be introduced for existing non-domiciled individuals benefiting from the current regime as follows:

- An option to rebase the value of capital assets to 5 April 2019.
- A temporary 50% relief on the taxation of foreign income for 2025/26.
- A two-year 'temporary repatriation facility', from April 2025, for individuals to bring their previously remittance-basis protected foreign income and gains into the UK at a 12% rate of tax.

According to HMRC, there were 68,000 'non-doms' in the UK in the tax year ending 2022.

A study by academics at Warwick University and the London School of Economics in 2023, found abolishing the non-domiciled tax regime would raise approximately £3.6bn a year.

Of course, with a change of government possible at some point this year, it should be borne in mind that these changes may never be enacted – or could be amended.



**new non-dom tax regime to be introduced**