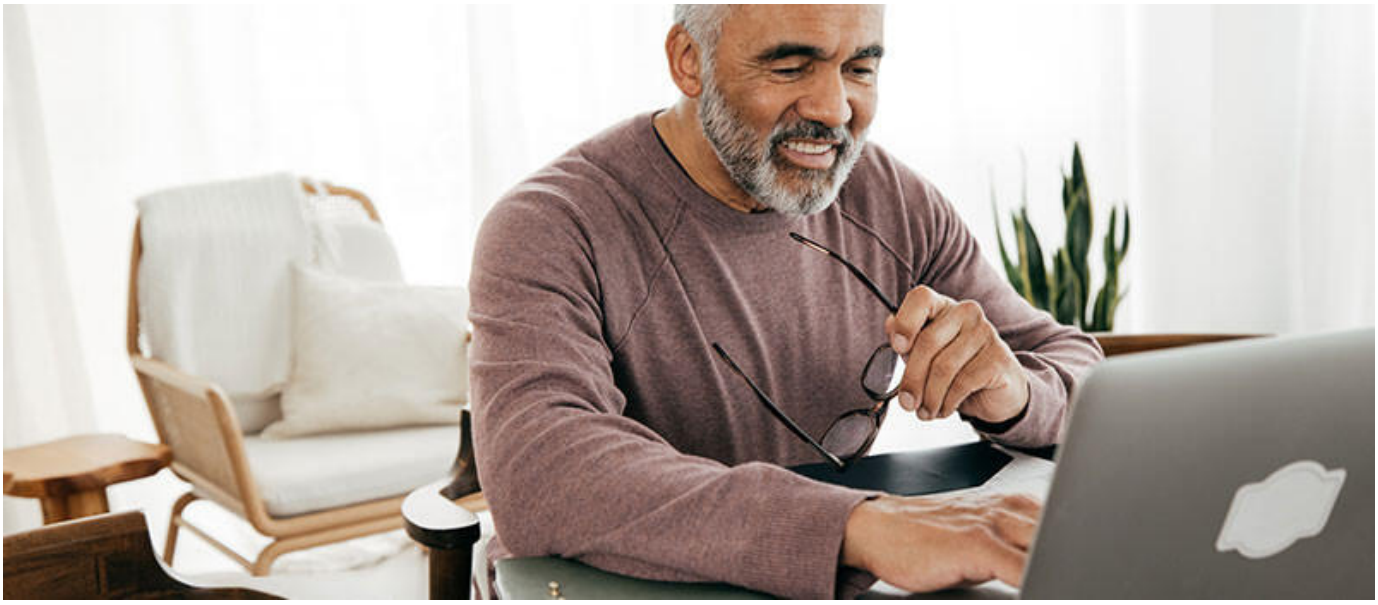
Finance Bill 2024: Non-domicile/remittance basis changes

Personal tax | International Tax



22 January 2025

Following a meeting hosted by HMRC's Capital Taxes Liaison Group and Wealthy External Forum about the 'non-dom' legislation within the Finance Bill 2024/25, the CIOT submitted a comprehensive response on the proposals.

On 18 November 2024, HMRC convened a meeting of representatives from several professional bodies, including the CIOT, to discuss and seek feedback on the construction of the draft legislation concerning the taxation of non-doms. After the meeting, attendees were invited to provide further feedback and the CIOT subsequently submitted a detailed response covering: the four-year foreign income and gains (FIG) regime and the interaction with offshore trusts; the Temporary Repatriation Facility (TRF); and the application of inheritance tax (IHT).

Regarding the four-year FIG regime, the submission repeated the CIOT's view that a longer period than four years would be beneficial, but more importantly that the exemption period should be automatic and without the need to identify and quantify the FIGs. Having to make a claim for the exemption and identify the FIGs would not only be burdensome for taxpayers and their agents, but also expose them to the possibility of penalties and potential inability to make consequential claims. The response also called for greater clarity surrounding matched payments to beneficiaries from offshore trusts during the four-year window.

The CIOT supports the introduction of the TRF, although our response expressed some concern as to the clarity of the legislation. HMRC's technical note suggests that the TRF is to operate by designation, without the need to identify specific income, gains or clean capital (clean capital is capital that does not represent any income or gains– an inheritance is a common example). This is something which the CIOT called for following the initial March 2024 announcement, but some of the wording within the draft legislation does not seem to correspond to this intention.

In the response, the CIOT once again welcomed the move to base IHT upon residence rather than domicile – though the label 'long-term UK connection' was suggested as being less confusing than the proposed 'long-term UK resident'. However, the CIOT pointed out the inconsistency of imposing the relevant property regime on offshore trusts whose settlors leave the UK before April 2025 compared to those individuals' own IHT status.

Regular meetings are being hosted by HMRC with professional bodies to discuss guidance and other means of supporting relevant taxpayers and their agents affected by these changes.

The CIOT response can be found here: www.tax.org.uk/ref1442

Chris Thorpe *cthorpe@ciot.org.uk*