Non-domicile tax reforms: double remittances

Personal tax | International Tax



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The CIOT has been in discussion with HMRC about re-remittances of foreign income and gains as part of the non-domicile reforms. The CIOT has raised strong concerns about the positions held by the government and HMRC.

On 26 March 2025, in a published paper the CIOT set out concerns about the potentially unforeseen tax implications for non-UK domiciliaries who make remittances on or after 6 April 2025, having made earlier remittances of the same foreign income or gains. The paper can be found at: www.tax.org.uk/ref1502.

The issue arose during the passage of the Finance Act 2025. Non-UK domiciliaries may previously have been advised that a past remittance was non-taxable (for example, because they were non-UK resident at the time it was made) and therefore thought that those funds were ‘cleansed’; that is, they could be used freely by the individual without any charge to tax. However, in discussions with the CIOT HMRC appeared to take the view that funds are only ‘cleansed’ once they have been

taxably remitted. Therefore, individuals in this position may now find that they have a tax charge when they remit again. That re-remittance might include the ongoing use of an asset in the UK.

HMRC responded in writing to the CIOT paper on 2 April 2025. The response confirmed that: ‘Our longstanding interpretation of section 809P(12) ITA 2007 is that second and subsequent remittances are only relieved from tax if the first occasion of remittance has been charged to tax. The wording of section 809P(12) was amended in FA 2025 to clarify how this subsection operates; it has not changed how section 809P(12) functions.’ HMRC’s full response can be read at: www.tax.org.uk/ref1502a.

The CIOT responded to HMRC on 17 April 2025 reiterating our disagreement with HMRC’s technical analysis and setting out the potentially adverse consequences, both in terms of the technical position and for the wider perception that goalposts have been moved in a way that undermines trust. The broader concern is that it may reduce the take up of the temporary repatriation facility and the new four-year foreign income and gains regime. The CIOT’s response can be found at: www.tax.org.uk/ref1503.

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