Overseas workday relief interaction with off-payroll working rules

Employment Tax



29 September 2025

HMRC has confirmed that overseas workday relief continues to be available to those subject to the off-payroll working rules.

In response to a question raised about whether overseas workday relief continues to be available to those subject to the off-payroll working rules, HMRC have clarified that overseas workdays relief has been retained as part of the April 2025 reforms and is still based on employment income which relates to overseas duties.

As of 6 April 2025, overseas workday relief is available to qualifying new residents for their first four years of tax residence regardless of whether these earnings are brought to the UK or whether they are paid into an overseas account.

Furthermore, overseas workday relief continues to be available to those who are subject to the off-payroll working rules, despite the referenced sections of Income Tax (Earnings and Pensions) Act (ITEPA) 2003 relating to territorial scope being

repealed and not replaced.

HMRC added that it may be relevant to note that, in their view, ITEPA 2003 Part 2 (Employment Income: charge to tax) Ch 8 and Ch 10 set out that deemed employment payments received in cases where the off-payroll working rules apply are treated as earnings. The extent to which earnings are chargeable to UK income tax is determined by ITEPA 2003 Part 2 Ch 4 and Ch 5, with Ch 5 setting out the provisions relating to overseas workdays relief (which is referred to as foreign employment relief in legislation).

HMRC's position is included in the minutes of the July 2025 meeting of a joint subgroup of HMRC's Wealthy External Forum and Capital Taxes Liaison Group that looks at the changes to the taxation of non-UK domiciled individuals. These can be read at: tinyurl.com/56sd7xah.

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