UK corporate re-domiciliation regime: a consultation

Personal tax | Large Corporate | International Tax | Indirect Tax

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The CIOT responded to the consultation on the design of a UK framework for a corporate re-domiciliation regime published by the Department for Business and Trade in March 2026. Our comments focused on the changes that may be required to tax legislation.

Re-domiciliation is the process by which a company moves its place of incorporation from one jurisdiction to another while maintaining its legal personality, corporate history, contracts and business relationships. Currently, UK law does not permit direct re-domiciliation, so companies must either establish a new UK entity or merge with an existing one, transferring assets, contracts and operations – a process that can be complex, time-consuming and costly.

The consultation published by the Department for Business and Trade (DBT) in March 2026 followed a previous consultation in 2021 and a report by an expert panel published in October 2024 (see tinyurl.com/subzuexz). The consultations and the expert report cover all areas of UK law that would have to be considered and amended to provide a UK re-domicilation regime. Our response commented on the tax considerations, which are many and varied. They include base costs of assets following re-domiciliation and exit taxation, controlled foreign companies, loss importation, foreign branch exemption and withholding taxes, as well as personal taxation relating to non-UK domiciliaries, inheritance tax, stamp duty reserve tax, VAT and customs and excise duties.

The March consultation said that tax would be considered further down the line when the shape of the UK regime was clearer, so our response noted the challenges around things such as historic losses, exit charges and re-basing that will need to be considered, and said that we agree with the conclusions of the expert report and support the general principles set out in it.

We highlighted that, if the new regime is to work well, it must be attractive to all companies and affected taxpayers that may wish to avail themselves of it. This includes companies in large groups, as well as small family companies with individuals and trusts as shareholders. To this end, we mentioned some possible outcomes from the conclusions in the expert report that could act as a disincentive for small companies to re-domicile, and complications for non-domiciliaries who wish to avail themselves of the UK's foreign income and gains (FIG) regime.

We also cautioned against overcomplicating the rules, for example around concerns about VAT avoidance, noting the suggestion of a VAT 'entry' charge. We said that this is probably an unnecessary complication because, in our view, the mischief identified is unlikely to arise in practice.

The consultation document raised a specific question about the depositary interest structure and potential charges to stamp duty reserve tax (SDRT). We said that it is our understanding that a double charge to SDRT would not usually arise, so a special exemption to deal with this point is probably not required.

Our response can be read at:
www.tax.org.uk/ref1662.

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