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# Scrapping non-dom rules

# Current non-dom rules

- ‘Non-doms’ – people who live in the UK but who are not settled here permanently
- ‘Remittance basis’ – not taxed on foreign income or capital gains unless brought into the UK
  - Charge after 7 years; available for 15 years
- In 2020-21: 37,000 non-doms taxed on remittance basis
  - Collectively paid ~£6 billion in UK income tax, NICs and CGT: ~£170,000 each
  - ~90% of non-doms leave UK within 7 years

## **Strong case for reform. Problems include:**

- Domicile is an outdated & problematic basis for tax
- Remittance basis discourages bringing income into the UK
- Long run preferential treatment

# New residence regime

From April 2025:

- New regime will be based on **residence** → objective basis
- **No tax on foreign income or gains in first 4 years of residence**  
(if previously not resident for at least 10 years; no charge to access)
  - More generous than current regime for 4 years: no penalty for bringing income to the UK
  - Tax on all income and gains after 4 years → align with UK doms sooner
- Set of transitional policies for current non-doms
- Inheritance tax will also move to a residence basis – to consult on details

# Effects

- Some of those coming & leaving within 4 years better off
- ~ 5,500 people ineligible for new regime (see a tax rise)
  - those staying more than 4 years;
  - those who haven't been non-resident for 10 prior years
- Forecast to raise ~£3 billion per year in steady state – big per person increase
- High uncertainty, including around responses
  - tax planning
  - migration

## **Punchline:**

- Strong case for reform and new structure is a clear improvement
- Revenue is highly uncertain

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