

What 2024 UK Spring Budget proposals mean for non-UK domiciled residents

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In the Conservative Spring Budget on 6 March 2024, fundamental proposals were announced which, if enacted, would have dramatic effects to the manner in which non-UK domiciled and resident individuals will be taxed from 6 April 2025.

Measures announced will, after four years of UK residence, subject such persons to worldwide taxation of income and gains and, after ten years of residence to worldwide inheritance tax (IHT) with a ten-year tail for IHT purposes.

Since the Spring Budget, the Labour Party have announced the provisions they would enact should they come into power, which are more draconian. With the uncertainty of who will be in power come 6 April 2025, it makes planning difficult.

With the abolition of the remittance basis of taxation for non-UK domiciled individuals, where for the first 15 years of UK residence, foreign income and gains are only subjected to tax if remitted to the UK and only UK situs assets are subjected to IHT, non-domiciles are considering whether they wish to remain UK resident.

Interestingly, UK domiciled individuals, disheartened with the ever-increasing tax burden and economic climate are also considering their own tax residence.

Individuals are exploring where they and their families could live to enjoy, not only a tax-friendly environment, but also where there is a good climate, education and lifestyle and also where they feel safe.

In addition to the traditionally tax friendly jurisdictions of the Channels Islands, Switzerland and Monaco, individuals are increasingly looking to move to GCC countries, particularly Dubai and Abu Dhabi and now Saudi Arabia. This is particularly true of financial institutions such as St James Place Wealth Management PLC, a FTSE 100 company who have established a presence in

Dubai and hedge fund managers such as Brevan Howard who have established a presence in Abu Dhabi. It is reported that the total number of hedge funds in Dubai grew by 123% in 2023, according to the Dubai Financial Services Authority, while Abu Dhabi had more than 100 funds registered with its regulatory authority at the end of 2023.

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