

Update on Non-dom tax changes

The government announced on 13 July 2017 that new rules affecting non-UK domiciliaries (non-doms) will be introduced after the summer recess in September 2017, but will be backdated to 6 April 2017.

The changes will:

1. treat non-domiciled individuals as deemed UK domiciled for all tax purposes once they have been UK resident for 15 out of the previous 20 tax years; and
2. bring all UK residential property held through offshore companies and trusts (including certain loans to fund their purchase and assets used as security for those loans) within the scope of UK inheritance tax; and
3. introduce associated changes to the taxation of non-UK trusts.

These changes had been previously included in the Finance (No. 2) Bill 2017, but were withdrawn in late April in the run-up to the snap general election. The government decided that the measures were too complicated to include at that time without scrutiny or possibility of amendment.

The introduction of the proposals brings much needed clarity to advisors and their clients who are now able to more confidently proceed with property restructurings in light of the new rules. There had been some suggestions that the proposals would be delayed until 6 April 2018, but the government has now confirmed there will be no delay.

We are still awaiting further details of the draft legislation, but note that there will be some changes relating to the mixed fund rules for deemed domiciled individuals and to the “relevant loan” provisions. We will continue to monitor any updates to the legislation and inform you of such changes in due course.

Non-domiciled individuals who are affected by these changes should seek advice to review their affairs, particularly as there may be further revisions of the rules introduced from 6 April 2018.

Please also refer to our previous client briefing notes on the changes which can be accessed [here](#).

If you wish to discuss how the new rules on non-doms please get in touch with us by contacting [James Cohen](#) or [Sana Sheikh](#):



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