UK Non-Dom Reform

The New Foreign Income & Gains Regime

10 things to know about the 4-year FIG relief and the Temporary Repatriation Facility — the benefits, the required actions, and the points that catch people out.

IN FORCE FROM 6 APRIL 2025

How to read this briefing

BENEFIT / ACTION Works in the client's favour, or needs to be actively done

RISK / HIDDEN COST A cost or trap that is easy to miss

THE NEW FIG REGIME — POINT 1 OF 10

01 BENEFIT

4 years, fully tax-free — for anyone new to the UK

Anyone who becomes UK resident after at least 10 consecutive tax years of non-UK residence gets 4 tax years of complete relief from UK tax on foreign income and gains.

Domicile is irrelevant — open to UK-domiciled returners and former non-doms alike. Unlike the old remittance basis, relief applies whether the money is brought into the UK or kept offshore; remittance timing no longer matters at all.

THE NEW FIG REGIME — POINT 2 OF 10

02

ACTION / TIMING

How to claim it — income and gains, separately, each year

Relief is not automatic. It must be claimed on the tax return using the new FIG boxes on the SA109, identified source by source.

Foreign income and foreign capital gains are separate claims — a client can claim on income without claiming on gains in the same year, or vice versa. A fresh claim decision is needed in each of the 4 qualifying years.

COST OF CLAIMING — POINT 3 OF 10

03

RISK / HIDDEN COST

Hidden cost: claiming it forfeits two allowances

Making any FIG claim in a tax year costs that whole year's income tax personal allowance (and blind person's / married couple's allowance) and the CGT annual exempt amount — not just on the relieved amount, on everything.

For a client with only modest foreign income or gains, the claim may not be worth making. Model both scenarios — claiming vs. not claiming — before filing.

LIFE AFTER YEAR 4 — POINT 4 OF 10

04

RISK / HIDDEN COST

After year 4, everything becomes taxable — with no taper

Once the 4 qualifying years are used, all worldwide income and gains become fully taxable in the UK in the normal way, however long the client has now lived here.

There is no phase-out and no further relief tied to residence history. Wherever possible, plan remittances, disposals, and restructuring to fall inside the 4-year window.

TRANSITIONAL RELIEF — POINT 5 OF 10

05 BENEFIT

The Temporary Repatriation Facility (TRF)

Lets former remittance-basis users bring pre-6 April 2025 foreign income and gains into the UK at a flat rate, instead of full marginal rates (up to 45%) under the old remittance rules.

Designation is made in the tax return and does not require the funds to move that year — the physical remittance can follow years later with no further UK tax on it.

TRANSITIONAL RELIEF — POINT 6 OF 10

06 ACTION / TIMING

Lock in the lower rate while it lasts

The TRF rate is **12%** for designations made in 2025/26 and 2026/27, rising to **15%** from 2027/28 onward.

A designation must be made in the same tax year as any remittance, or an earlier one — never later. Designating early, even while funds stay offshore, secures the lower rate permanently.

DOUBLE TAXATION — POINT 7 OF 10

07

RISK / HIDDEN COST

No credit for tax already paid abroad

The TRF charge is a standalone flat-rate charge, not ordinary income tax or CGT — foreign tax credit relief cannot be claimed against it.

If the source country has already taxed the income or gain, that foreign tax is not recoverable against the 12%/15% charge. Always check for double taxation before assuming the TRF is the cheaper route for a given amount.

TRACING THE FUND — POINT 8 OF 10

08

ACTION / TIMING

Trace the fund before designating anything

Offshore accounts are usually a mixed fund of three types: foreign income, foreign gains, and clean capital. Only income and gains need designating or taxing.

Clean capital — money that was never income or a gain, or was already fully taxed — is not taxable at all and can be brought into the UK freely. Trace and segregate properly first; designating clean capital by mistake wastes the flat-rate charge on money that owed nothing.