

UK INHERITANCE TAX WEBINAR

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Agenda

What we are covering today

- First Labour Budget in 14yrs what can we expect?
- Abolition of Domicile concept
 - What does this mean?
- Inheritance Tax
 - Understanding Your Domicile
 - Impact on the changes
- Other possible reforms

Making business personal





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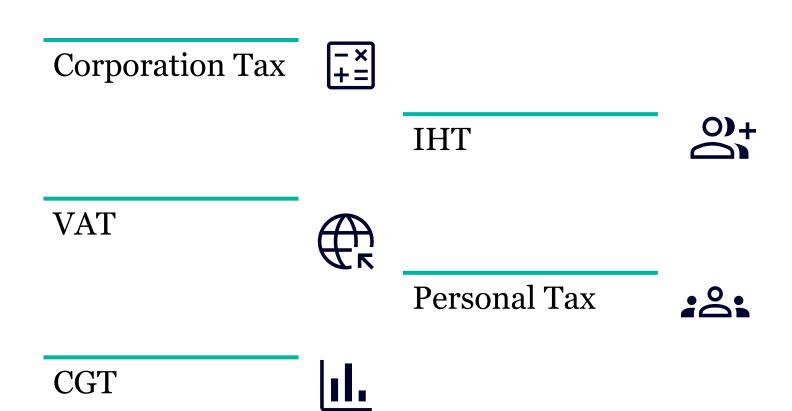
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Labour's First UK Budget since 2009

Labour's First UK Budget

- What's different about this Labour Government?
- Labour's Tax Policy Pledges a reminder?





The Abolition of Domicile



What is Domicile?

A Recap

- Domicile of Origin
- Domicile of Dependency
- Domicile of Choice
- Deemed Domicile inheritance tax
- Income Tax Implications
- Remittance Basis Charge annual charge
- Reversion to your Domicile of UK Origin

Rishi Sunak's wife claims non-domicile status

Tax status allows Akshata Murty to avoid tax on foreign earnings

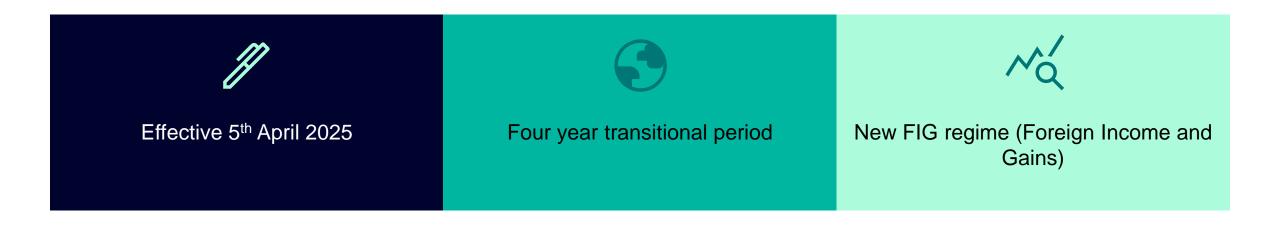


Akshata Murty earns an estimated £11.5m a year in dividends from her stake in Indian company Infosys. Photograph: Samir Hussein/WireImage

Rishi Sunak's multi-millionaire wife claims non-domicile status, it has emerged, which allows her to save millions of pounds in tax on dividends



What are the proposals?

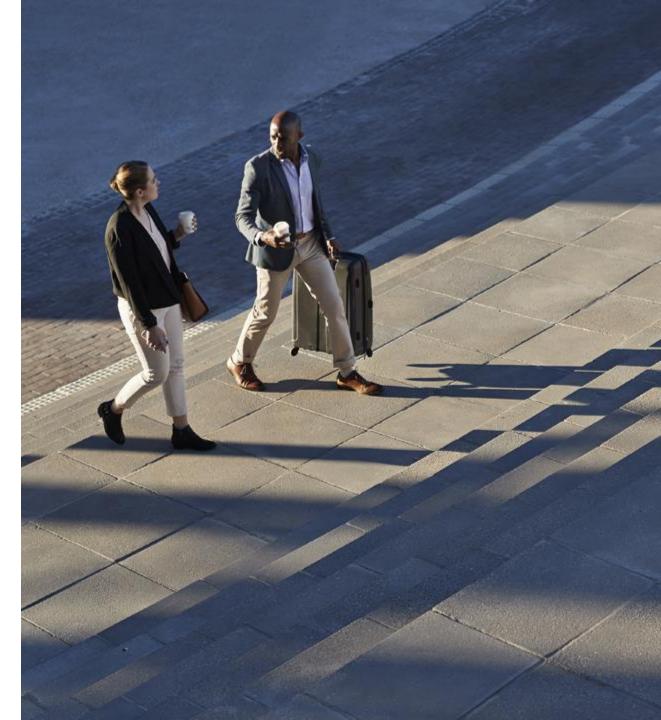






The Basics

- Applies to people only not entities.
- Applies if the value of the estate is above the current threshold of £325,000.
- The standard rate is 40% above the current £325,000 threshold.
- Payment is made by the executor of the estate via an Inheritance Tax Return.
- Applies to those with a UK domicile/deemed domiciled/UK situs assets.
- Watch with spouses of different domiciles



Managing UK Inheritance Tax

Current Reliefs
Surviving Spouse – careful if different domiciles
Main Home
£325,000 Annual Exemption
Potential Exempt Transfers
Gifts or Events
Gifts out of ordinary income
Agricultural Property Relief
Business Property Relief



Using Non UK Trust

- Common estate planning technique is to settle assets on a non UK
 Trust.
- Need to be careful of s99B (ITAA97) from an Australian tax perspective.

Other considerations:

01

Onerous reporting in UK if economic settlor of a foreign (non UK) trust.

02

Potential immediate Lifetime Transfer Charge of 20%. 03

Potential 10 year charge.



Inheritance Tax – what's the future look like?

From 6th April 2025 – what do we know?



New Basic Test - Based on Residency



If resident in UK 10yrs – IHT on worldwide estate

If leave after 10yrs – a 10yr "tail"



Impact for Trusts

- Foreign trusts subject to IHT
- Practical issues?



Other Possible Reforms



Other possible changes?





Changes to Capital Gains
Tax



Changes to Furnished Holiday lettings relief



Q&A





Questions?

Contact us



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