



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

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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?

Corporation Tax



IHT



VAT



Personal Tax



CGT



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?



Effective 5th April 2025



Four year transitional period



New FIG regime (Foreign Income and Gains)



Inheritance Tax



Inheritance Tax

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



Inheritance Tax

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



Inheritance Tax

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?



VAT on Private School
Fees



Changes to Capital Gains
Tax



Changes to Furnished
Holiday lettings relief



Q&A



Questions?

Contact us



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