

## **Non domicile reform proposals - from Reform**

Synopsis: Reform UK's suggestions for a new non-dom tax regime, which has some distinctly unusual features.

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In the past month or so there has been media comment suggesting that Rachel Reeves is considering changes to the non-domicile reform which she introduced in last year's Budget. Although there are no hard numbers out yet, the anecdotal evidence is that the wealthiest non-doms are leaving at a faster rate than the Treasury anticipated, mainly because of the spectre of inheritance tax.

Their exodus has been encouraged by other countries, such as Italy, offering tax incentives for wealthy immigrants. At a time when some US residents are seeking pastures new, in fiscal terms the UK does not currently look that attractive an option.

Step forward Nigel Farage with a proposal for non-dom tax under the banner of the 'Britannia card'. The main features of this are...

- The card would carry a one-off fee of £250,000 and be available on application to foreign nationals who wish to relocate to the UK or who are currently 'non-dom' UK residents.
- Card holders would pay no tax on foreign income and gains, provided they are not remitted to the UK.
- The existing four-year Foreign Income and Gains (FIG) rules would be scrapped, meaning those coming to the UK without a Britannia card would immediately pay tax on worldwide income.
- Holders of the Britannia card would not pay inheritance tax.
- The card would provide a "a 10 year renewable multi-entry residence permit".

The money raised by the card would be "distributed to Britain's lowest earning 10% of full-time workers, delivered automatically by HMRC as a cash dividend." Reform reckon that in their "low uptake scenario" of 6,000 cards issued each year, there would be an annual payment of £600 to the lowest decile of full-time workers - about 2.5m people, based on the latest Office for National Statistics (ONS) data.

Reform's paper says that this will mean that, for the lowest decile, "annual take-home pay [will] rise by more than 3%" and suggests this covers workers earning less than £23,000 a year. That earnings level looks low, as it equates to roughly a 36-hour week at the National Living Wage of £12.21 an hour. It is also worth noting that the highest number of annual remittance charge payers under the old non-dom regime was 5,100 in 2014/15, a figure that had more than halved by 2021/22.

The Reform [paper](#), which has been placed on the internet by Dan Neidle's Tax Policy Associates, has plenty of numbers, but does not consider the tax that would be *lost* as a result of the proposed reform. The Office for Budget Responsibility (OBR) [assessment](#) from last October was that the combination of Jeremy Hunt's and Rachel Reeves' reforms would yield £33.9bn between 2026/27 and 2029/30.

### **Comment**

The odds are starting to look like there may be some tweaking of the non-dom inheritance tax rules in the Autumn Budget, but the adjustments will be nowhere near as radical as Reform propose.

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