

## Changes affecting non-UK domiciled individuals announced in the Budget on 23 March 2011

The Government announced several changes to the taxation of non-UK domiciled individuals ("non-doms") in the 2011 Budget on 23 March.

These changes will be broadly welcomed by the non-dom community as many will have feared far worse. It is also encouraging that the Government plans no other substantive changes to the taxation of non-doms 'for the remainder of this Parliament.' This commitment will be welcome when many have called for the non-dom rules, and the benefits they can bring to some, to be radically overhauled.

## What changes did the Budget 2011 propose for the taxation of non-doms?

- The annual £30,000 charge will be increased to £50,000 for those non-doms who have been resident in the UK for twelve or more years and who wish to be taxed on the remittance basis. The £30,000 annual charge will continue for those individuals who have been resident in the UK for at least seven but fewer than twelve years.
- The tax charge will be removed for non-doms who remit foreign income or gains to the UK for the purpose of commercial investment in UK businesses. The ability to bring money in to invest in UK businesses can be viewed as a positive step which will allow non-doms to continue to help grow the UK economy.
- Technical simplification will be made to some aspects of the current rules to remove undue administrative burdens.

## When will these changes take effect?

The Government will consult on these changes in June 2011. After the consultation, legislation implementing these changes will be included in Finance Act 2012 to take effect from 6 April 2012.

## How will these changes affect me?

The detail will not be known until after the consultation has taken place in June 2011. Following the consultation, the scope of the changes should be clearer and non-doms should speak to their regular KPMG contact about how these will affect them and any need to take action.

## What can be done?

KPMG can provide comprehensive advice to non-doms on all aspects of their UK tax affairs and has a large number of specialists who can assist. For help speak to your usual KPMG contact or one of the people below.

# March 2011

## KPMG's private client update

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