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MOVEMENT. STRATEGY. EVOLUTION.
OFFSHORE EDITION

INTRODUCTION

"All mankind is divided into three classes: those that are immovable, those that are movable, and those that move."

- Benjamin Franklin

This edition reflects a private wealth world in motion.

Across offshore structuring, philanthropy, litigation, reputation, and regulation, the contributors explore not only where the ground is shifting, but how forward-thinking advisers and families are responding with agility and intention. From the waning era of Non-Dom protections and the rise of Jersey Private Funds, to the evolving human role in a trust landscape increasingly influenced by AI, one theme stands out: adaptability.

We meet those who remain immovable, wedded to legacy practices now under scrutiny. We meet those who are movable, reacting to pressures, be they fiscal, reputational or generational. And we meet those who move, shaping the next chapter in offshore thinking, anticipating change, and driving innovation.

Whether it's rethinking the use of reserved powers, navigating transatlantic trust challenges for US persons, or introducing arbitration into trust disputes, the authors bring both urgency and clarity to complex, cross-border realities. Even philanthropy — often a feel-good footnote, is approached with rigorous due diligence and structural insight.

Taken together, this issue invites practitioners to ask: where do I - and where do my clients' sit in Franklin's taxonomy? And more importantly, what's the next move?

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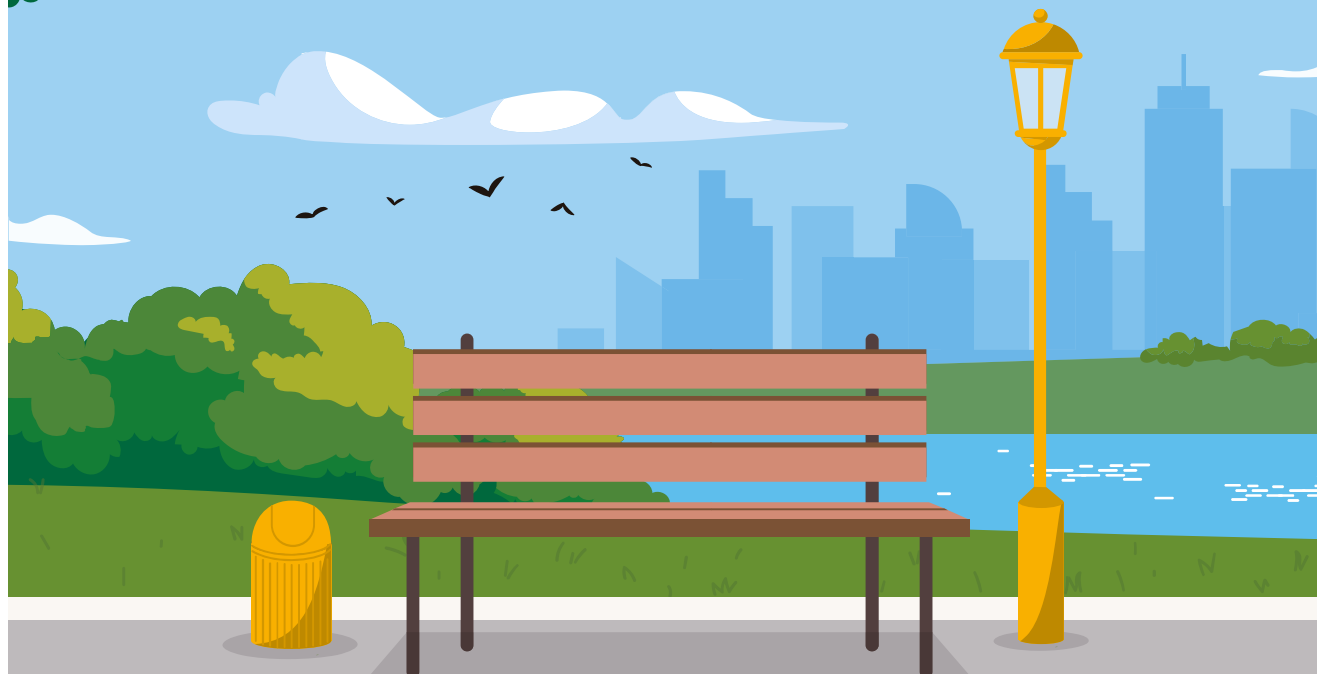
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ACROSS THE POND, INTO THE DEEP



US PERSONS AND THE LURE OF OFFSHORE OPPORTUNITIES

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There have been major changes in the UK tax regime from 6 April this year, and one group of individuals who are affected by these rule changes are US citizens, with the new regime presenting new opportunities to US individuals moving to the UK for various economic or personal reasons.

In recent months there has been a significant uptake of interest from US individuals who are considering moving to the UK in the short to medium term, and in this article we outline some of the key considerations that are relevant to such individuals as well as other

US persons who have been present in the UK under the previous regime.

Background

The UK tax regime for non-UK domiciled individuals was abolished with effect from 6 April 2025 and replaced by a new four-year residence-based regime (the so-called “FIG” or “Qualifying New Resident” “QNR” regime).

These reforms mark a major change for individuals with UK connections, both for those currently living in the UK and for those planning to move to the UK for the first time or after a period of non-UK residence. In short, the new QNR regime is significantly simpler for US persons to operate than the previous remittance basis.



New Arrivers From The US

For individuals arriving in the UK after 5 April 2025 from the US for the first time (or after an extended absence from the UK), the new regime can provide a number of opportunities. In particular:

The QNR regime

- Eligible US individuals will be able to claim the QNR regime for

up to four UK tax years without being subject to UK tax on their non-UK income or gains. Although US citizens will continue to be subject to US tax during this four-year period, the QNR regime should largely allow them to avoid concerns around mismatches between their UK and US tax treatment during this time.

- Unlike under the UK's previous remittance basis system, there are no restrictions on bringing non-UK income/gains arising during the four-year QNR regime to the UK. This is far more generous and new arrivals from the US will also be able to avoid much of the complexity of the UK's previous remittance basis system.
- The UK Government has designed the new QNR regime with the intention that taxpayers using the regime can be UK resident for the purposes of the UK's income tax treaties. It remains to be seen whether the US Internal Revenue Service will adopt the same view.

Inheritance tax

- New arrivals can be UK tax resident for up to nine consecutive UK tax years before becoming exposed to UK inheritance tax on their worldwide assets.
- During this period, US citizens/domiciliaries would only be within the scope of UK inheritance tax on their UK situated assets (and would remain subject to US estate tax on their worldwide assets), meaning it should be relatively straightforward to manage the interaction of the US gift and estate tax and UK inheritance tax systems for the first nine years of UK residence.

Immigration

It remains important for US persons to take advice on what UK visa options are available to them before making plans to move to the UK. They may have a British spouse or be able to move as an entrepreneur for example – although this will need careful thought.

US citizens currently resident in the UK

For US citizens already living in the UK and planning to remain here, there will be a number of points to consider. In particular:

Personal assets – income and gains

- Individuals who were UK resident for fewer than four tax years by 6 April 2025 may still benefit from the QNR regime – this should be checked carefully.
- Individuals who were UK tax resident for four or more tax years by 6 April 2025 are not eligible for the QNR regime. If they remained UK resident on 6 April 2025, they are subject to UK income tax and capital gains tax on their worldwide income and gains as they arise.
- For US persons, this means they would be subject to worldwide tax from both a US and a UK perspective. Provided foreign tax credits are properly claimed this should be manageable in theory, as current US federal tax rates and UK tax rates are broadly similar for many categories of income and gains.
- However, it will be critical that US citizens review their affairs to confirm whether there could be any misalignment between their UK and US tax treatment and to determine whether any steps can be taken to minimise the risk of double taxation. Mismatches can often occur in relation to particular types of investment (such as mutual funds or municipal bonds) or structures (such as trusts and US LLCs); however, with careful prior planning it is usually possible to minimise the scope for these mismatches to arise. A competent dual qualified UK/US accountant will be essential for accurate reporting.

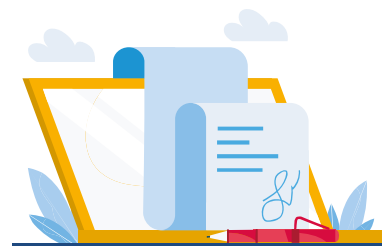


Trust assets – income and gains

Where a US person resident in the UK is a settlor or a beneficiary of a trust, it will be particularly important for the trust to be reviewed to confirm its UK tax treatment under the new regime to determine whether steps can be taken to optimise the UK/US tax position.

Broadly:

- With effect from 6 April 2025, non-UK trusts are potentially transparent to UK resident settlors (subject to the QNR regime being available). There are similarities here with the US grantor trust regime (which taxes a US citizen settlor on the income and gains of the trust). In many cases therefore where US persons who have created grantor trusts are UK resident, it should be possible to align the UK and US taxing points and this may simplify the process of claiming foreign tax credits.
- For US persons who are UK resident and beneficiaries of trusts they did not settle, the position remains (largely) as it was – they will only be taxed in the UK to the extent they receive benefits from the structures.



Personal assets – inheritance tax

- US citizens who become "long-term residents" (having been UK resident for at least 10 of the previous 20 tax years) under the new UK inheritance tax rules will ostensibly be within the scope of both UK inheritance tax and US federal gift and estate tax on their worldwide assets. Both taxes apply at a rate of 40% on death.
- The UK/US estate tax treaty should operate to prevent double taxation in these circumstances, though its operation is complex.
- However, a key area of misalignment is that the UK's inheritance tax exempt amount (currently £325,000 per individual) is significantly lower than the equivalent exemption for US gift and estate tax purposes (\$13,990,000 for 2025). US citizens who fall within the scope of UK inheritance tax on their worldwide assets could therefore effectively lose the benefit of their unused US gift and estate tax exemption. Such individuals should take advice in the

UK and the US on whether they can utilise their US exemption before becoming long-term resident for UK inheritance tax purposes.

Trust assets – inheritance tax

- For grantors/settlors who become long-term resident, the UK inheritance tax consequences for their trusts can potentially be unattractive. However, where a trust is created by an individual who is US domiciled for the purposes of the UK/US estate tax treaty, and who is not a UK national, the treaty may effectively block UK inheritance tax charges on the trust assets. This can be a significant advantage for US persons.
- The facts will need to be considered on a case-by-case basis, but the UK/US estate tax treaty provides US domiciliaries with a unique opportunity (compared to individuals from other jurisdictions).

Temporary Repatriation Facility (“TRF”)

- Finally, for prior remittance basis taxpayers, the TRF provides an opportunity to bring historic unremitted income and gains to the UK at lower tax rates. For tax years 2025/2026 and 2026/2027 such amounts can be designated at 12%, and 15% in 2027/2028. This is therefore a time limited opportunity.
- US citizens may have also paid US tax on such amounts (which cannot be credited against the TRF charge), however some taxpayers who plan to stay in the UK over the coming years may nevertheless view this as an opportunity to streamline their affairs and increase the funds available to them to spend or invest in the UK. Advice would need to be sought in the US to confirm whether UK tax paid under the TRF could be credited against US tax liabilities.
- There is also potential for the TRF to be claimed in relation to distributions from non-UK resident trusts, which could provide an opportunity for US citizens who are UK resident to receive capital distributions from trusts at historically low UK tax rates.

Conclusion

As ever with tax planning, the client’s circumstances will need to be considered on a case-by-case basis, but in the post-5 April 2025 world there are definitely interesting opportunities for US clients who are considering spending more time in the UK.

