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1 Connection Factors

1.1 To what extent is domicile or habitual residence relevant in determining liability to taxation in your jurisdiction?

As can be seen from the discussion of pre-entry planning below, domicile has been a key factor in determining the extent (and nature) of an individual's liability to UK tax; its relevance is second only to their residence. However, since 6 April 2025, domicile has largely been irrelevant for tax purposes and the main connecting factor is residence. Domicile does, however, still affect liability to inheritance tax for trusts set up before 30 October 2024 where the settlor died before 6 April 2025. Habitual residence is not relevant to an individual's liability to tax in the UK. However, "long-term residence" (discussed further below) determines liability to inheritance tax on non-UK assets.

1.2 If domicile or habitual residence is relevant, how is it defined for taxation purposes?

Under the law of England & Wales, a person initially has a domicile of origin, which is normally the domicile of their father at the date of their birth. In the case of parents who are not married, the child's domicile will be that of the parent with whom the child usually lives, reversing the presumption that the father's domicile is the domicile of origin of the child.

The domicile of a person under 16 is, in general, the same as, and changes with, the domicile of the person on whom the child is legally dependent (referred to as a domicile of dependency).

Once an individual reaches the age of 16, he or she can acquire a new domicile (a domicile of choice). To do this, two factors must be satisfied: firstly, the person must reside in another country; and secondly, the person must intend to live there permanently or indefinitely. The onus of showing that a domicile of origin has been lost is on the person alleging or asserting the change in domicile.

A domicile of choice is lost if the person ceases to reside in the country of the domicile of choice, intending not to return to reside there permanently or indefinitely. Having lost their domicile of choice, they will acquire a new domicile of choice if the residence and intention factors explained above are satisfied. If a new domicile of choice is not acquired, the domicile of origin will revive.

These rules are generally helpful to individuals moving to the UK. It has been possible for a person who intends to return to another country on the occurrence of some event that is not unrealistic, to retain their non-UK domicile of origin for many years.

As a result of this, rules were introduced with effect from 6 April 2017 that limit the length of time for which a non-UK domicile may be claimed for tax purposes by long-term UK residents. Under these rules, such individuals become "deemed" domiciled in the UK for all tax purposes once they have been resident for at least 15 of the prior 20 tax years. Once the individual is deemed domiciled under this test, they will become subject to income tax, capital gains tax and inheritance tax in the same way as a UK resident and domiciled individual.

As explained further below, fundamental changes took place from 6 April 2025. From that date, an individual becomes fully subject to UK income tax and capital gains tax after four years residence and inheritance tax after 10 years.

Both the 2107 and 2025 changes affect the treatment of non-UK structures created by non-UK-domiciled individuals under the anti-avoidance provisions explained at question 2.5 below. Structures established by deemed domiciliaries have been treated more favourably than those set up by an individual who is actually domiciled in the UK. Broadly speaking, the effect is that tax was not payable on non-UK income/gains within the structure but only on benefits received from the structure. However, as described below, this is no longer the case from April 2025.

1.3 To what extent is residence relevant in determining liability to taxation in your jurisdiction?

Inheritance tax

Residence is a significant connecting factor in relation to inheritance tax. The location of assets is also important. Once an individual is a long-term resident of the UK (explained in question 2.1 below), they will be subject to inheritance tax on worldwide assets. If they are not a long-term resident, liability to inheritance tax is limited to UK assets. Long-term residence continues for a period of time after ceasing to be UK resident.

Income tax

Residence is a key connecting factor for income tax purposes. Income arising to a person resident in the UK is liable to income tax but (until April 2025) subject to the application of the remittance basis of taxation for persons who are not domiciled or deemed domiciled in the UK.

Since 6 April 2025, individuals have been able to claim relief in respect of any non-UK income for four years from their arrival in the UK. There is no cost to this, and overseas income can be used in the UK without a tax charge. This is explained in more detail in question 2.2 below.

A person who has been resident in the UK for at least four of the preceding seven tax years and then becomes non-resident

remains liable to UK income tax on certain types of income unless the person remains non-resident for more than five years (normally this means being non-resident for six tax years). The income that is liable to tax includes certain employment income, pension income, foreign income taxed on the remittance basis that arose before the period of non-residence began, dividends from private companies and most gains from life insurance contracts.

Certain UK source income arising to a non-resident person can be liable to UK income tax, although the scope of the non-UK resident's liability to income tax is limited to the sum of the following amounts: firstly, any tax deducted at source or treated as tax credits (for example, tax deducted from interest income); and secondly, tax on UK source income other than "disregarded income". Disregarded income encompasses most savings, investment income and pension income. The main categories of UK source income liable to tax will be income from land and buildings and employment income.

Capital gains tax

For capital gains tax purposes, residence is also the primary connecting factor. A person is chargeable to capital gains tax in respect of chargeable gains accruing in a year of assessment during any part of which he or she is resident in the UK. For a discussion of the remittance basis for non-UK-domiciled persons (which applies until 5 April 2025) and the four-year exemption for overseas gains arising to new arrivers which has applied since 6 April 2025, see question 2.2 below.

There is a similar rule to that applying for income tax for persons who realise capital gains in a period of non-residence of five tax years or less.

A person who is not resident in the UK is, however, chargeable to capital gains tax where he or she is carrying on a trade in the UK through a branch or agency. Such a non-resident is chargeable on capital gains accruing on the disposal of assets situated in the UK used for the purposes of the trade at or before the time on which the gain accrued. A similar rule applies to non-resident companies with a permanent establishment in the UK.

In addition, non-residents are subject to UK capital gains tax (or corporation tax) on gains arising on the disposal of all UK real estate (not just residential property) and on the disposal of interests in "property-rich" vehicles (i.e. where more than 75% of the value derives from UK real estate).

1.4 If residence is relevant, how is it defined for taxation purposes?

Until 6 April 2013, the test for residence was largely based on case law and on His Majesty's Revenue and Customs' (HMRC) published practice.

The Finance Act 2013 introduced a statutory test of residence applying as from 6 April 2013.

The structure of the statutory residence test is to provide three separate tests as follows:

- firstly, the automatic overseas tests whereby an individual satisfying any of these tests will be non-resident. Importantly, an individual satisfying any of the automatic overseas tests cannot be UK resident under the automatic UK tests;
- secondly, the automatic UK tests whereby an individual satisfying any of these tests will be UK resident; and
- thirdly, the sufficient ties test. This will apply to an individual who is neither automatically resident under the automatic UK tests nor automatically non-resident under the automatic overseas tests. A number of ties are counted in relation to an individual in determining whether or not he or she is UK resident for a particular tax year.

For certain purposes, days spent in the UK due to exceptional circumstances are ignored. However, the maximum number of days that can be discounted in any one tax year is 60.

The automatic overseas tests are as follows:

- The individual was resident in the UK for one or more of the three tax years preceding the year and the number of days they spend in the UK in that year is less than 16.
- The individual was resident in the UK for none of the three tax years preceding the year in question and the number of days they spend in the UK in that year is less than 46.
- The individual works full time overseas in the year.

The automatic UK tests are as follows:

- The individual spends at least 183 days in the UK in that year.
- The individual has a home in the UK during the year, is present in the UK home for at least 30 days in the year and, while he or she has the UK home, there is a period of 91 consecutive days (at least 30 of which fall within the year in question) in which he or she has no overseas home, or he or she has one or more overseas homes in none of which he or she is present for more than 29 days during the year.
- The individual works full-time in the UK for 365 days or more and at least one day in that period falls in the year in question.

Under the sufficient ties test, an individual will be resident in the UK if he or she has sufficient UK ties in the year. The number of ties required will depend on how many days the individual spends in the UK and on whether or not the individual was resident in the UK in any of the previous three tax years. The number of ties required is set out below.

The following table shows how many UK ties are sufficient in the case where an individual was resident in the UK in one or more of the three preceding tax years.

Days spent by the individual in the UK in the tax year	Number of UK ties that are sufficient	UK ties
More than 15 but fewer than 46	4	A family tie An accommodation tie A 90-day tie A work tie A country tie
More than 45 but fewer than 91	3	
More than 90 but fewer than 121	2	
More than 120	1	

The table below shows how many UK ties are sufficient in a case where an individual was resident in the UK for none of the three preceding tax years.

Days spent by the individual in the UK in the tax year	Number of UK ties that are sufficient	UK ties
More than 45 but fewer than 91	4	A family tie An accommodation tie A 90-day tie A work tie
More than 90 but fewer than 121	3	
More than 120	2	

The UK ties are defined in broad terms as follows:

- An individual has a family tie if their spouse, civil partner, cohabitee with whom they live as husband and wife or their child under the age of 18 is UK resident in the year.
- An individual has an accommodation tie if they have a place "available" to them to live in the UK (they do not have to own the property) for a continuous period of at least 91 days during the year and the person spends at least one night at that place in the year.
- An individual has a 90-day tie in a year if the person has spent more than 90 days in the UK in either of the two tax years preceding the year concerned.
- An individual has a work tie if they work for at least three hours in the UK on at least 40 days (whether continuously or intermittently) in the year.
- An individual has a country tie if the country in which the person is present at the end of the day for the greatest number of days in the year is the UK.

Generally speaking, an individual will be tax resident for a whole tax year, even if they arrive part of the way through the year. However, in certain circumstances, they will not have to pay tax on income/gains arising before they arrive.

1.5 To what extent is nationality relevant in determining liability to taxation in your jurisdiction?

Nationality is not generally a factor that is relevant to liability to taxation.

Nationality may, however, be relevant in determining an individual's residence status for the purposes of a double tax treaty. It is also relevant to some provisions of the UK's estate tax treaties.

1.6 If nationality is relevant, how is it defined for taxation purposes?

As outlined above, nationality is not generally relevant for taxation purposes. However, so far as nationality is relevant, this means full British citizenship rather than other categories (such as citizenship of British overseas or dependent territories).

1.7 What other connecting factors (if any) are relevant in determining a person's liability to tax in your jurisdiction?

The main connecting factors are an individual's residence and (until April 2025) domicile. As will be clear from the discussion above, however, the *situs* of an individual's assets and the source of any income are also relevant (e.g. non-UK residents are generally subject to UK capital gains tax or UK income tax on profits from UK real estate).

In particular, UK inheritance tax is payable (subject to application of any double tax treaty – see question 6.3 below) in respect of all assets situated in the UK, even if the owner is neither resident nor domiciled in the UK.

Source and *situs* are particularly relevant in the context of the remittance basis of taxation and the four-year foreign income and gains (FIG) regime for new arrivers described in more detail in question 2.2 below.

In an employment income tax context, a non-UK resident individual's liability to income tax on earnings in respect of his or her duties will depend on the extent to which they are performed in the UK.

Similarly, a non-resident's liability for tax on trading profits depends on whether the trade is carried on in the UK.

2 General Taxation Regime

2.1 What gift, estate or wealth taxes apply that are relevant to persons becoming established in your jurisdiction?

Inheritance tax is relevant for a person becoming established in the UK because such a person may acquire UK assets such as a house, personal chattels, UK bank accounts, and other financial assets in the UK. HMRC's view is that cryptocurrencies are located where the owner is resident. Such assets will therefore become UK assets when the owner moves to the UK, even if they are held through a custodian or exchange outside the UK.

Assets situated in the UK are within the scope of inheritance tax whether or not the owner is UK resident or domiciled. There are exceptions to this rule, such as exemptions under the double taxation agreements (see question 6.3 below) and an exemption for UK authorised unit trusts or open-ended investment companies (OEICs) in the ownership of a person who is not a long-term resident of the UK.

By contrast, the worldwide assets of a person who becomes a long-term resident of the UK are within the scope of inheritance tax.

An individual who comes to the UK and who has not been UK resident for a consecutive period of 10 years will become a long-term resident once they have been resident in the UK for 10 out of the previous 20 tax years. An individual who comes to the UK and lives in the UK continuously would therefore become a long-term resident at the beginning of their 11th year of UK residence. However, even if the individual was not UK resident in year 11, they would still be treated as a long-term resident. In order to avoid exposure to worldwide UK inheritance, the individual would need to not be UK resident in year 10.

Once an individual has become a long-term resident, they will remain a long-term resident for a period of time after leaving the UK. Subject to a minimum period of three years and a maximum period of 10 years, the exposure to worldwide inheritance tax remains for a period which is calculated as one year for each year of residence in excess of 10 years. So, for example, if an individual has been UK resident for 16 years, they will remain within the scope of worldwide UK inheritance tax for six years after leaving the UK. There are some transitional rules for people who left the UK before long-term residence replaced the concept of domicile on 6 April 2025.

The rate of inheritance tax on assets within the scope of tax passing on death, or within three years of death, is 40%. The rate applying on lifetime gifts to most trusts is 20% if the gift is made more than seven years before death. There is a tapering relief for gifts made between three and seven years before death. The first £325,000 in value is not taxable (the nil-rate band).

Gifts made to another individual more than seven years before death are not taxable.

There is generally a full spouse exemption and also full exemptions for certain business and agricultural property (including shares in private trading companies). The reliefs for business and agricultural assets are due to be reduced to 50% from 5 April 2026 to the extent that the value of these assets exceeds £1 million.

Individuals who hold UK residential property indirectly are within the scope of UK inheritance tax even if they are non-UK resident and are not a long-term resident of the UK; such that ownership by non-UK companies, partnerships, trusts or other opaque vehicles will not exclude inheritance tax charges.

In addition, the benefit of loans used to purchase UK residential property and any collateral for such loans are subject to UK inheritance tax. These rules apply whether or not the owner of the asset in question is UK resident or domiciled.

The UK currently has no wealth taxes.

2.2 How and to what extent are persons who become established in your jurisdiction liable to income and capital gains tax?

Liability to income and capital gains tax is primarily based on being resident in the UK. A person who is resident but not domiciled (and not deemed domiciled) in the UK could, until 5 April 2025, elect to pay income and capital gains tax on the remittance basis.

The effect of claiming the benefit of the remittance basis was that non-UK source income and gains on non-UK assets were only taxable if the overseas income/gains are "remitted" to the UK.

A person who had been resident in the UK for more than seven out of the preceding nine years of assessment had to pay a remittance basis charge of £30,000 per year in order to validly elect to pay tax on the remittance basis. This increased to £60,000 per year for a person who had been UK resident for at least 12 out of the preceding 14 tax years. This liability was in addition to the liability for tax on any non-UK income or gains that are remitted to the UK. As described above, anyone who has been resident in the UK for 15 out of the previous 20 years could no longer benefit from the remittance basis of taxation.

Despite the abolition of the remittance basis of taxation, remittances are still relevant for those individuals who were previously taxed on the remittance basis and who remain UK resident. The definition of remittance is very wide. It includes any use or enjoyment of the overseas income/gains in the UK. For example, using an overseas credit card to pay for a flight from Paris to London booked with a travel agent in Paris would be a taxable remittance if the cost is met out of overseas income and gains; the same may be true of a flight wholly outside the UK with a British-headquartered airline.

A remittance can also arise where a borrowing that relates to the UK is funded or facilitated out of offshore income or capital gains. The use of offshore income or capital gains as security for such a loan will, for example, give rise to a deemed remittance of that income or capital gains in addition to any further remittance of other offshore income or capital gains used to service or repay the borrowing.

In addition, the remittance of the income or gains of the non-domiciled UK-resident individual by certain close family members or by associated structures would be deemed a remittance by that person. This includes the individual's spouse or civil partner, child or grandchild under the age of 18, a closely controlled company in which the individual or other relevant person is a participator and the trustees of a settlement, of which a relevant person is a beneficiary or a company connected with such a settlement.

However, there are a number of situations where no tax charge will arise even though there has been a remittance. For example, overseas income/gains brought into the UK by the individual concerned or by a relevant person for the purposes of making an investment in a private trading company can be treated as not having been remitted.

Previous users of the remittance basis have an opportunity to bring any unremitted overseas income and gains to the UK at a 12% rate between 6 April 2025 and 5 April 2027 or at a 15% rate between 6 April 2027 and 5 April 2028.

On 6 April 2025, the remittance basis was removed and is no longer available. Instead, individuals who become resident in the UK after a continuous period of 10 years non-residence will be able to elect to take advantage of what is commonly referred to as the FIG regime. Broadly speaking, this exempts a new resident from tax on most non-UK income and gains (including trust distributions) for the first four years of UK residence irrespective of whether those overseas income and gains are brought to, or used, in the UK.

The UK tax rates for 2025/26 are as follows.

The first £12,570 (personal allowance) of income and £3,000 of gains are not liable to tax, although these allowances are not available if a person claims the benefit of the four-year FIG regime for new arrivers. The income tax allowance is increased for those over 65 and may be reduced for high incomes. Income/gains above the personal allowance are taxed at the rates below.

	Income	Capital Gains
£0–£37,700	20%	18%
£37,701–£125,140	40%	24%
£125,141 and above	45%	24%

Dividends are taxed at a different, slightly lower, rate.

Tax rates in Scotland are different to the rest of the UK and are, in general, slightly higher.

2.3 What other direct taxes (if any) apply to persons who become established in your jurisdiction?

There are other taxes that apply in relation to activities in the UK but not directed specifically at UK-resident persons. For example, transfer taxes (generally payable by the purchaser) apply on transfers of UK-situated land and securities and are not limited to purchasers resident in the UK.

Likewise, national insurance contributions that apply on salaries and other employment income will apply in relation to all UK employments.

Most companies pay corporation tax on their profits at 25% (see question 5.2 below).

2.4 What indirect taxes (sales taxes/VAT and customs & excise duties) apply to persons becoming established in your jurisdiction?

VAT (value-added tax) is levied on supplies of most goods and services in the UK. VAT must be charged on any taxable supply made by a taxable person in the course of business in the UK. The person making that supply must then account for the VAT to HMRC.

A taxable person is one who is registered, or required to be registered, for VAT purposes with HMRC. A person must register if they have made taxable supplies in the previous 12 months or expect to make supplies in the next 30 days, with a value exceeding £90,000.

The standard rate of VAT is 20%. Some types of supply attract VAT at a reduced rate of 5%, while others are liable to VAT at 0%. Supplies that are not taxable, such as financial services, are termed "exempt". VAT is not charged on exempt supplies. The distinction between zero-rated supplies and exempt supplies determines whether associated "input" VAT is recoverable.

To the extent a taxable person's business involves making taxable supplies (including those that are zero-rated), they are entitled to recover the VAT charged on the "input" supplies that are received in the course of that business. A taxable person need only account to HMRC for the difference between the tax paid on their inputs and the tax due on the "output" supplies they have made. A person whose business involves making only taxable supplies should be able to recover all the VAT suffered on their inputs. However, to the extent a business involves making exempt supplies, the input VAT will not be recoverable and so represents a real cost.

Other taxes and/or duties may also be due on the supply of certain goods and services; for example, on the sale of alcohol, tobacco and petrol.

Question 4.2 below deals with taxes and duties payable on importing assets into the UK.

2.5 Are there any anti-avoidance taxation provisions that apply to the offshore arrangements of persons who have become established in your jurisdiction?

There are a number of anti-avoidance provisions that apply, in particular, in relation to income tax and capital gains tax.

The "transfer of assets abroad" legislation is designed to enable HMRC in certain circumstances to assess the income of offshore structures on persons who are UK resident.

Income arising to a person abroad (e.g. an overseas company or trust) can be assessed on the transferor of the assets if the transferor has the power to enjoy the income of the person abroad and the transferor is resident in the UK.

This is a very broad provision, partly due to the fact that the definition of when the transferor has the power to enjoy the income is wide. The transferor is deemed to have the power to enjoy the income if the income is, in fact, so dealt with by any person as to be calculated at some time to enure for the benefit of the transferor whether in the form of income or not. The transferor will also be deemed to have the power to enjoy the income if the receipt or accrual of the income will operate to increase the value of any asset of the individual or any asset held for the individual's benefit. There are further categories of deemed power to enjoy income.

This provision also applies where the transferor receives a capital sum (including a loan repayment) from the offshore structure.

An important aspect of the legislation is that not only the income of a trust but also that of a company or any other offshore entity can be assessed on the transferor.

The transfer-of-assets code also contains a provision enabling a non-transferor such as the beneficiary of a non-resident trust who is resident in the UK to be assessed on overseas income of the structure to the extent that he or she receives any benefit.

A transferor would otherwise be taxable on the income of a trust structure in the circumstances set out above and may claim relief in respect of non-UK income if they are a new arrival and are able to elect to take advantage of the four-year FIG regime described in the answer to question 2.2 above.

The transfer-of-assets code does not apply if the transfer and associated operations were not made for the avoidance of UK tax.

There are parallel anti-avoidance provisions applying for capital gains tax, enabling the capital gains made by offshore structures to be assessed on UK residents.

A UK-resident settlor will be assessed on the gains of the non-resident structure if the settlor, the settlor's spouse, or certain other persons can benefit from the structure in any circumstances whatsoever. These other persons are: the children of the settlor or his or her spouse; the spouse of any child; the grandchild of the settlor or his or her spouse and the spouse of any grandchild; and also controlled companies. Gains not only of trusts but also of underlying companies can be assessed on the settlor in this way.

Gains not assessed on the settlor can be assessed on UK-resident beneficiaries up to the value of any benefit received by them from the structure that is not subject to income tax.

There are anti-avoidance provisions designed to prevent these rules being sidestepped by conduit arrangements. For example, if a trust makes a distribution to a non-UK resident who then makes a gift to a UK resident, the recipient of the gift may be taxable as if it had come direct from the trust.

There is also an anti-avoidance rule applying to capital gains made by non-UK-resident close companies. The capital gains made by such a company under the control of five or fewer participators (broadly shareholders and certain loan creditors) are attributed to the participators. A UK-resident or ordinarily resident participator will therefore be assessed to tax on the gains attributed to him or her but only if he or she (or people connected with him or her) holds more than 25% of the company. Gains will not be attributed to participators where it is shown that neither the disposal of the asset by the company nor its acquisition or holding by the company formed part of a scheme for the avoidance of capital gains tax or corporation tax.

The capital gains tax charge on settlor provisions described above do not apply if the settlor is a new arrival who takes advantage of the FIG regime described in question 2.2 above.

Gains attributed to beneficiaries of offshore trusts are treated as non-UK gains even if the gains realised by the trustees derive from UK assets. Again, the benefit of the four-year FIG regime can be claimed by new arrivers.

Where a gain is realised by a non-UK company, a UK participator in the company who is a new arriver may also claim the benefit of the four-year FIG regime in respect of non-UK gains which would otherwise be attributed to them.

2.6 Is there any general anti-avoidance or anti-abuse rule to counteract tax advantages?

A general anti-abuse rule was introduced in 2013 designed to enable HMRC to counteract tax advantages arising from tax transactions that are abusive.

The General Anti-Abuse Rule (GAAR) applies to all the major UK taxes including income tax, capital gains tax, the Annual Tax on Enveloped Dwellings (ATED) (see question 4.3 below), inheritance tax and stamp duty but not VAT.

A tax arrangement is widely defined. An arrangement is a tax arrangement if, having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage was the main purpose, or one of the main purposes, of the arrangements.

The next requirement for the application of the GAAR, that the tax arrangement must be "abusive", is also widely defined. Tax arrangements are "abusive" if they are arrangements, the entering into or carrying out of which "cannot reasonably be regarded as a reasonable course of action" in relation to the relevant tax provisions. This is referred to in the "double reasonableness test".

In applying this test, regard is had to all the circumstances including: (a) whether the substantive results of the arrangements are consistent with any principles on which the relevant tax provisions are based (whether expressed or implied) and the policy objectives of those provisions; (b) whether the means

of achieving those results involves one or more contrived or abnormal steps; and (c) whether the arrangements are intended to exploit any shortcomings in those provisions.

The legislation gives examples of factors that might indicate that the tax arrangements are abusive. These are: (a) if the arrangements result in an amount of income, profits or gains for tax purposes that is significantly less than the amount for economic purposes; (b) if the arrangements result in deductions or losses of an amount for tax purposes that is significantly greater than the amount for economic purposes; and (c) if the arrangements result in a claim for the repayment or crediting of tax (including foreign tax) that has not been paid, but in each case only if it is reasonable to assume that such a result was not the anticipated result when the relevant tax provisions were enacted.

The fact that the tax arrangements accord with established practice accepted by HMRC at the time indicates that the arrangements are non-abusive. Established practice may be established by reference to HMRC Manuals or other HMRC publications and other writings available at the time.

The burden of proof is on HMRC to show that there are tax arrangements that are abusive and that their proposed counteraction is just and reasonable. The legislation provides for a GAAR Advisory Panel, which has issued Guidance. This Guidance and opinions of the Advisory Panel must be taken into account by HMRC and the courts.

Overall, the GAAR is unlikely to apply to mainstream tax planning. It has, however, been successfully invoked by HMRC where highly artificial or marketed schemes are involved.

2.7 Are there any arrangements in place in your jurisdiction for the disclosure of aggressive tax planning schemes?

In certain circumstances, promoters of tax avoidance schemes (or, if there is no promoter, the taxpayers involved) are required to report aggressive tax avoidance schemes to HMRC.

Originally, these disclosure rules were aimed at mass-marketed tax avoidance schemes; however, they are gradually being widened so that they could potentially apply to more bespoke tax-planning arrangements.

The disclosure rules apply to all of the main taxes and are triggered if the features of the planning include certain "hallmarks" described in the legislation. This can include generic hallmarks, such as the promoter charging a fee based on the amount of tax saved or requiring clients to sign a confidentiality agreement. There are also hallmarks relating to specific areas such as arrangements designed to generate artificial losses, attempts to avoid or reduce tax on employment income and tax avoidance using financial products.

2.8 Does your jurisdiction impose any exit taxes when a person leaves?

There is no exit tax in the UK for individuals.

If a company or a trust ceases to be UK resident, any unrealised gains on assets held by the trust/company are normally taxed. It is possible to pay the tax in instalments in certain circumstances.

3 Pre-entry Tax Planning

3.1 In your jurisdiction, what pre-entry estate, gift and/or wealth tax planning can be undertaken?

Pre-entry gift or estate tax planning is not generally required for an individual who has not been UK resident in the previous 10 years. This is because, as mentioned above, non-UK assets of a new arriver will be outside the scope of UK inheritance tax for at least 10 years.

During that time, if the individual anticipates remaining in the UK, it is possible to make gifts (for example to children) which will not be subject to any estate or gift tax.

As mentioned above, the UK does not currently have any wealth tax.

3.2 In your jurisdiction, what pre-entry income and capital gains tax planning can be undertaken?

Liability to income tax generally depends on the residence status of the individual receiving the income. An individual who is a new arriver may claim relief in respect of non-UK income arising in the first four years of residence. This is discussed further at question 2.2 above. No advance planning is needed for this, although it should be noted that the income in respect of which relief is claimed must be identified and quantified.

Income arising in the tax year prior to becoming UK resident is not taxable. The UK tax year runs from 6 April in year 1 to 5 April in the following year. For individuals who do not qualify for the four-year FIG regime (for example, they may have been previously UK resident within the last 10 years), pre-entry planning may include measures to accelerate the receipt of income prior to entry into the UK. Furthermore, the transfer of assets into a trust from which the individual (and any spouse) is excluded may be considered.

UK capital gains tax is primarily assessed by reference to the residence status of the individual concerned. As with income tax, a new arriver is not subject to tax on overseas gains, even if remitted to the UK for the first four years of residence.

Capital gains realised in a year prior to entry into the UK are not taxable. An individual intending to come to the UK who does not qualify for the four-year FIG regime can therefore improve their position by accelerating disposals of assets so that gains are realised in the tax year before entry into the UK. Care, however, needs to be taken to ensure that the individual is not subject to the temporary non-residence rules (see question 1.3 above).

If an individual sells an asset after arriving in the UK, they will (subject to the availability of the four-year FIG regime) pay capital gains tax on the full amount of the gain and not just on any increase in value since the date of arrival. Therefore, even if it is not possible to accelerate a third-party disposal, it is often sensible to trigger a disposal of investments held before coming to the UK so that the capital gains tax base cost of the asset is increased to current market value. This can be done, for example, by transferring the asset to an offshore trust or to an overseas company.

3.3 In your jurisdiction, can pre-entry planning be undertaken for any other taxes?

Pre-entry planning for individuals is normally restricted to the points noted above in relation to UK inheritance tax, capital gains tax and income tax.

4 Taxation Issues on Inward Investment

4.1 What liabilities are there to tax on the acquisition, holding or disposal of, or receipt of income from investments made by a non-resident in your jurisdiction?

Generally, no tax arises on the use of funds in the UK by a non-UK resident to make a UK investment or for any other purpose.

The liability to tax of a non-resident on UK income (dividends, interest, etc.) is normally limited to any withholding tax. There is no withholding tax on dividends. A withholding tax of 20% normally applies on the payment of interest to a non-resident. Income received by a non-resident from real estate investments is subject to full UK tax and a UK tax return will need to be submitted.

A non-resident will not normally pay UK tax on any profit arising from the disposal of a UK asset. The main exception to this is that non-residents are liable to UK capital gains tax on the disposal of all UK real estate as well as interests in companies that derive more than 75% of their value from UK real estate.

4.2 What taxes are there on the importation of assets into your jurisdiction, including excise taxes?

Customs duty and VAT are charged on the import of goods to the UK. Excise duty will also be payable on the import of certain goods such as alcohol and tobacco.

Customs duty is charged as a percentage of the total value of the goods being brought into the UK. The rate varies from product to product and may also depend on the country from which the goods have come.

Import VAT is usually charged at 20% of the value of the goods (including customs and/or excise duties), although certain supplies may fall outside the scope of VAT or attract tax at a reduced rate of 5% (including works of art, antiques and collectors' items).

Full or partial relief from import VAT, customs duty and/or excise duty may be available where:

- goods are imported for temporary use in the UK;
- individuals import their personal belongings, private motor vehicles, and/or private aircraft;
- newlyweds (or those shortly to marry) come to live in the UK;
- belongings are brought into the UK by someone moving their normal home here (or who originally came as a visitor, but now intends to stay permanently);
- household effects are brought into the UK for the purpose of setting up a second home;
- assets received by way of inheritance are brought into the UK; and
- charities import donated goods.

4.3 Are there any particular tax issues in relation to the purchase of residential properties by non-residents?

Residential and other properties in the UK are within the scope of inheritance tax, because they are UK-situated, whether or not the owner is UK-domiciled or a long-term UK resident. It is mainly for this reason that non-UK-domiciled persons have in some cases purchased UK residential properties through a non-UK-incorporated property holding company. One impact of the extension of UK inheritance tax in relation to indirect holdings of UK residential property is that such structures are no longer widely used.

A potential disadvantage of holding a UK residential property through a company is that in certain circumstances the person having the use of the property could suffer a benefit-in-kind income tax charge if their involvement in decisions concerning the property was significant. The non-UK-resident status of the company could also be prejudiced.

Capital gains tax applies to all non-UK residents (including individuals, trusts and companies) that hold residential property. In general, the charge only applies to any increase in the property's value after 6 April 2015. The non-UK resident can, however, elect that the total gain be either (i) time-apportioned over the whole period of ownership, or (ii) calculated using the original acquisition cost.

Residential properties occupied by their owner or by a beneficiary of a trust that owns the property may be free of capital gains tax if occupied by the owner or the beneficiary as their only or main residence.

Individuals pay capital gains tax (at rates of 18% or 24% depending on their other income and capital gains); whereas companies pay corporation tax at 25%.

A number of other charges to tax apply to certain higher-value residential properties held through companies and other "non-natural persons" such as a partnership in which a company is a member or a collective investment scheme. This does not, however, include a company acting in its capacity as a trustee of a settlement.

There are two different elements of this regime:

- Firstly, the rate of stamp duty land tax (which applies in England) on transfers of residential properties worth £500,000 or more into the ownership of a non-natural person is 17%.
- Second, there is an annual charge on non-natural persons holding high-value dwellings. This is referred to in the legislation as the ATED (annual tax on enveloped dwellings). The rate of tax is increased each year by reference to the increase in the UK Consumer Prices Index.

The rates of ATED for 2025/26 and the bands for the tax are:

Property value	Annual charge
More than £500,000 but less than £1 million	£4,450
More than £1 million but not more than £2 million	£9,150
More than £2 million but not more than £5 million	£31,050
More than £5 million but not more than £10 million	£72,700
More than £10 million but not more than £20 million	£145,950
More than £20 million	£292,350

There is a 2% additional stamp duty land tax charge (taking the top rate to 19%) on the purchase of residential property in England by non-UK residents. An individual will only be UK resident for this purpose if they spend 183 days or more in the UK in a 12-month period. It is therefore possible for someone to be UK tax resident for income and capital gains tax purposes but still be non-resident for stamp duty land tax purposes.

5 Taxation of Corporate Vehicles

5.1 What is the test for a corporation to be taxable in your jurisdiction?

A company is charged UK corporation tax on its worldwide profits if it is resident in the UK. "Profits" include both income and capital gains. Subject to any applicable double taxation treaty, a company will be resident in the UK if it is either (i) incorporated in the UK, or (ii) centrally managed and controlled in the UK.

Central management and control (CMC) will be exercised wherever decisions about the strategic policy and direction of a company are taken. It should be noted that CMC is not the exercise of powers vested in the shareholders in the general meeting, the day-to-day management of a company's business (since this is the implementation of the policy and decisions of those who ultimately control the company) or the actual carrying on of a company's business.

HMRC's approach to this is to ascertain (a) who exercises CMC, and (b) where they exercise that control. HMRC will look at the following:

- whether the directors in fact exercise CMC; and if so
- where the directors exercise this control (not necessarily where board meetings are held); or
- where directors do not exercise control, where and by whom it is actually exercised.

HMRC may try to bring a non-UK company within the UK tax net by arguing that either: (i) the directors exercise control in the UK; or (ii) someone other than the directors (for example, a majority shareholder) exercises control from within the UK.

If an individual becomes UK resident, it is therefore important to examine what (if any) involvement that person may have in the affairs of any non-UK company.

5.2 What are the main tax liabilities payable by a corporation which is subject to tax in your jurisdiction?

UK-resident companies are subject to corporation tax on their worldwide profits for the financial year, which runs from 1 April to 31 March. Capital gains realised by a company are included in the company's profits and charged to corporation tax at the same rates.

The rate of corporation tax for most companies is 25%.

5.3 How are branches of foreign corporations taxed in your jurisdiction?

A non-resident company that carries on a trade in the UK through a permanent establishment is chargeable to UK corporation tax on its profits (wherever they arise) to the extent that those profits are attributable to the UK permanent establishment. A company will have a permanent establishment in the UK if: (i) it has a fixed place of business in the UK through which the business of the company is carried on; or (ii) an agent acting on behalf of the company has, and habitually exercises in the UK, authority to do business on behalf of the company. However, a company does not have a permanent establishment where the activities carried out at the place of business or by the agent are of a preparatory or auxiliary character to the business of the company as a whole, or if the agent has independent status and acts in the ordinary course of its own business. Trading with the UK (rather than in the UK) will not bring the company within the charge to UK corporation tax.

A non-UK-resident company that does not carry on a trade in the UK through a UK permanent establishment is not chargeable to UK corporation tax except in relation to income/gains from UK real estate.

6 Tax Treaties

6.1 Has your jurisdiction entered into income tax and capital gains tax treaties and, if so, what is their impact?

The UK has entered into a large number of income tax and capital gains tax treaties. These treaties are not only with countries having major economies such as the G20 members but also with a large number of smaller countries. The UK Government has an active programme of extending the network of these treaties.

The treaties are designed to stimulate trade and minimise fiscal disincentives to economic relations between the UK and its trading partners.

6.2 Do the income tax and capital gains tax treaties generally follow the OECD or another model?

The treaties generally follow the OECD Model subject to variations depending on the other party.

6.3 Has your jurisdiction entered into estate and gift tax treaties and, if so, what is their impact?

The UK has entered into a relatively small number of estate and gift tax treaties but, unlike the case with the income tax and capital gains tax treaties, the UK has not recently entered into additional estate and gift tax treaties.

The impact of the treaties is limited, to some extent, by the fact that there are only 10 treaties in total. Nonetheless, treaties, where they apply, can significantly affect the structuring of trust and other arrangements established by individuals with a UK connection. Some of these treaties effectively override deemed domicile or long-term residence for inheritance tax in limited circumstances.

6.4 Do the estate or gift tax treaties generally follow the OECD or another model?

Six out of the 10 treaties follow the OECD Model. There are, however, four older treaties, namely those with France, Italy, India and Pakistan, which were entered into for estate duty purposes prior to the introduction in 1975 of capital transfer tax (the precursor to inheritance tax). Those treaties are continued for inheritance tax. They do not follow the OECD Model but rather are in the form more usual at the time. One important feature of these treaties is to override the deemed domicile and long-term residence rules for inheritance tax purposes in relation to assets passing on death (although there may be a restriction of this override if the testamentary arrangements proceed under English law, e.g. owing to a choice of law under the provisions discussed in question 7.1).

The six treaties entered into after the introduction of capital transfer tax follow the OECD Model but with significant variations. The six treaties are those with the Republic of Ireland, South Africa, USA, Netherlands, Sweden and Switzerland. The last treaty to be entered into was that with Switzerland in March

1995. There has been no indication that the UK Government is contemplating further such treaties at this time.

The structure of the OECD Model Treaty is to define the person's domicile for the purposes of the treaty. The structure of the model is then as follows: (a) in the case of immovable property and business property, the state of *situs* may tax the property; and (b) in the case of all other property, only the state of treaty domicile may tax.

One effect of this is that if an individual who is a long-term resident of the UK moves to a treaty jurisdiction, the UK may no longer have taxing rights in respect of non-UK assets even if the individual remains a long-term resident for a period of time after departure. Each treaty, however, needs to be carefully considered as some contain provisions which allow the UK ongoing taxing rights.

The state of treaty domicile may also tax immovable and business property in the other state, but must give credit against its own tax for the tax paid on that property in the other state.

Where inheritance tax is payable on an indirect interest in UK residential property (see question 2.1 above), a tax treaty will only prevent a UK tax charge arising if there is some inheritance tax to pay in the other state (however small) or if the reason that there is no inheritance tax payable is due to a specific relief or exemption.

7 Succession Planning

7.1 What are the relevant private international law (conflict of law) rules on succession and wills, including tests of essential validity and formal validity in your jurisdiction?

Under the English conflict of law rules, questions of formal validity (concerning the execution of wills) are governed by different rules to those applying to essential validity. Essential validity relates to the effective provisions of a will or other testamentary document. This includes issues such as "forced heirship".

English law incorporates the 1961 Hague Convention – a will is formally valid and therefore treated as properly executed if this is done in accordance with any of the following systems of law: the internal law of the country where it was executed; the country where at the time of its execution or at the testator's death he or she was domiciled or habitually resident; or the state of which, at either of those times, the testator was a national.

Essential validity concerning immovable property is governed by the *lex situs*, the law of the country where the immovable property is situated. Essential validity in relation to other assets is governed by the law of the domicile of the deceased at the date of death.

English conflict of law rules include the doctrine of *renvoi*. Where the system of law to which the English conflict of law rules refers a question, for example, of the essential validity of a will concerning movables, it is possible that the law concerned may itself direct the question to yet another system of law or indeed back to English law. Whilst the UK is not a signatory of the Regulation referred to below and England & Wales does not internally have the concept of choice of law, the law will respect a choice of law – including for English law – introduced under the umbrella of a *renvoi*.

Suppose a British citizen dies domiciled in Italy. He leaves his shares and chattels to his wife. English law will refer the question of the essential validity of the will to Italian law as the law of domicile. Prior to 17 August 2015 (see below), Italian law would, under its own conflict of law rules, refer the matter back to English law as the law of nationality. If the Italian law rules do not accept a reference back (again) to Italian law by the law of England, it is likely that an English court would respect that renvoi and apply English law.

The doctrine of *renvoi* under the English conflict of law rules is complicated and not entirely settled.

The provisions of the European Succession Regulation (EU No 650/2012) came into effect in most of the EU on 17 August 2015. The Regulation (which unlike a Directive has direct force in each country) has been adopted by all EU Member States (other than Ireland, Denmark and the UK). Under the terms of the Regulation, estates are governed, both as to real and personal property, by the law of the habitual residence of the deceased, unless the deceased chose that the law of his or her nationality is to apply. The provisions of the Regulation apply in the signatory states to UK residents and domiciliaries and will be of particular importance for those having properties in the EU Member States. Where the law of nationality is chosen, the Regulation abolishes all *renvoi*. However, if a UK law applies under the primary "habitual residence" route, *renvoi* may still apply.

Succession rules in Scotland and Northern Ireland are different from those which apply in England & Wales.

7.2 Are there particular rules that apply to real estate held in your jurisdiction or elsewhere?

As referred to above, as far as England is concerned, the succession law of the *lex situs* applies to real estate whether that real estate is situated in England or in some other country. Real estate will come within the meaning of immovable property under the normal conflict of law rules.

7.3 What rules (explicit or for example of public policy) exist in your jurisdiction which restrict testamentary freedom and how are they engaged? What mechanisms can a disappointed heir deploy to redress the balance?

In England & Wales, an individual has complete testamentary freedom. However, where the individual was domiciled in England & Wales at the date of their death, a claim can be made against the estate by a spouse, child (including an adult child) and any other person who, immediately before the death, was being maintained by the deceased.

As far as spouses are concerned, any claim is not limited to what is needed for their maintenance, and one of the factors that the court must take into account is what they might expect to receive on a divorce (where the starting point is equal sharing of matrimonial assets).

Claims by other individuals are limited to what is needed for their maintenance.

The rules are different in Northern Ireland and Scotland.

7.4 In the opening of a succession or the administration of an estate, what is the role or authority (if any) of an executor and how does the tax system reconcile role of executors of foreign estates with the status of heirs in terms of reporting and/or liability for tax?

Where there is a will, the personal representatives (known as executors) become legally responsible for the assets held by the deceased, from the moment of death. An executor derives

authority by operation of law from the coming into effect of a will on the death of the testator. At that moment, the property in the assets of the deceased vests in the executor as a matter of law. This is the case whether or not a grant of representation (typically a grant of "probate") needs to be obtained from the court.

Where there is no will, the personal representatives (known as administrators) only take responsibility for the estate when appointed by a grant of representation. The assets vest in an administrator by virtue of the grant.

The primary responsibility of a personal representative during the period of administration is to "collect in" the assets, i.e. identify, inventory and value them, with a view to (firstly) addressing any liabilities and (later) distributing the assets in accordance with the terms of the will or the intestacy rules (as applicable). During the period of administration, the personal representative is the owner of the assets and is bound by fiduciary duties. Where the will creates a trust, the personal representative may then become a trustee, in the conventional sense, once the estate is "administered", in other words once the assets are no longer needed for the satisfaction of liabilities.

During administration, the personal representatives are responsible for one particular liability above all, namely the satisfaction of tax liabilities. Where personal representatives have been appointed under other common law systems, the English system has mechanisms to recognise them. Should an estate have assets and liabilities in England, but the testamentary provisions do not provide for the nomination of a personal representative, it would be normal to appoint an administrator to take on any responsibilities in the English system.

The English system does not have an exactly equivalent concept to that of an "heir": accordingly, anyone who might be regarded as an heir by (say) a civil law system, typically a member of the family, would not normally have primary responsibility for tax liabilities, unless they have taken on the appointment as administrator. However, liability for inheritance tax can in certain circumstances be imposed on anybody who receives assets from the estate.

8 Powers of Attorney

8.1 In your jurisdiction, can an individual create a power of attorney which continues to be effective after the individual has lost capacity?

Individuals can create lasting powers of attorney (LPAs) to nominate another person or persons to act on their behalf if they lose mental capacity. The defining feature of an LPA is that it remains effective and valid once the donor (the individual who created the LPA) becomes mentally incapable. LPAs must be officially registered with the Office of the Public Guardian (OPG) before they can be used. LPAs registered with the OPG are effective in England & Wales.

There are two types of LPAs – one for financial decisions and the other for health and welfare. Donors can choose to have one or both of these and can appoint different attorneys under each LPA. They are also able to pre-nominate replacements for their attorneys.

Financial LPAs cover paying taxes and bills, managing bank accounts and property, pensions and managing and making investments. A donor can make separate financial LPAs in order to have different attorneys dealing with personal and business affairs.

Health and welfare LPAs can cover decisions relating to where the donor lives, the donor's day-to-day care, giving or refusing consent to medical examinations and/or treatment, dealing with the donor's personal correspondence and exercising the right to access person information about the donor. Unlike financial LPAs, health and welfare LPAs are only effective once the donor has lost capacity, although they can and should be registered with the OPG as soon as they have been signed.

It is possible to appoint up to four attorneys to act. If more than one attorney is appointed, the donor is required to specify whether each attorney can act alone, or whether all attorneys must act together and agree unanimously on all decisions. It is possible for the donor to specify that attorneys can usually act alone but must act together in certain prescribed cases.

The provisions relating to powers of attorney in these circumstances are different in Scotland and Northern Ireland.

8.2 To what extent would such a power of attorney made by an individual in their home jurisdiction be effective to allow the attorney to deal with assets belonging to the individual which are located in your jurisdiction?

The applicability of powers of attorney across borders is determined by Hague Convention XXXV on the International Protection of Vulnerable Adults (the Convention). The UK has ratified the Convention only in respect of Scotland and not England & Wales or Northern Ireland. LPAs and issues concerning mental capacity are governed by the Mental Capacity Act 2005 (the MCA) in England & Wales. Whilst the MCA considers Scotland to be a foreign jurisdiction, the wording in Schedule 3 of the MCA closely mirrors the wording of the Convention and the law in England & Wales is therefore similar to that contained in the Convention.

As set out in the case of *Re Various Applications Concerning Foreign Representative Powers* [2019] EWCOP 52, holders of a foreign power of attorney have five options available to them. The first is to simply rely on the power in accordance with Schedule 3 of the MCA. However, in practice, financial institutions in England & Wales will seek domestic confirmation of the attorney's authority. This confirmation can be obtained through an application to the courts in which the donor is habitually resident, with this order being subsequently recognised under Schedule 3 of the MCA.

Alternatively, an application can be made to the Court of Protection, in one of three ways. The first is to seek a declaration that the representative will be acting lawfully when exercising authority under the foreign power of attorney in England & Wales. The second is to seek a declaration under the Court of Protection's full and original jurisdiction to appoint the holder of the foreign power of attorney as the donor's deputy for property and financial affairs, or to authorise the holder to execute a one-off transaction. Lastly, the holder may apply for an order recognising that the foreign power of attorney as a protective measure.

A foreign power of attorney can therefore be used to deal with assets in England & Wales. In practice, however, acting under the foreign power of attorney will likely require an application to the court of the original foreign jurisdiction, or an application to the English Court of Protection.

9 Trusts and Foundations

9.1 Are trusts recognised/permitted in your jurisdiction?

Trusts are recognised under English law and are widely

regarded as one of the supreme contributions of English law to jurisprudence. The scope and sophistication of trust law have been developed over the centuries both by the courts and also by legislation from time to time. English trust law has, in recent years, been modernised and updated.

Trust law in Scotland and Northern Ireland is different to that which applies in England & Wales.

The Recognition of Trusts Act 1987 gives statutory effect in the UK to the Hague Convention on the law applicable to trusts and on their recognition. The UK will therefore recognise the existence and validity of a trust governed by the law of another country.

9.2 How are trusts/settlors/beneficiaries taxed in your jurisdiction?

Trustees are together treated for income and capital gains tax purposes as if they were a single person (distinct from the persons who are trustees of the settlement from time to time).

The rules for ascertaining the residence status of trustees for capital gains tax and income tax are the same for both taxes. In broad terms, the trustees will be UK resident if all the trustees are resident in the UK and, in a case where there are both UK and non-UK-resident trustees, the trustees as a body will be UK resident unless the settlor was resident outside the UK when he or she made the settlement or added property to the settlement.

Liability to income tax arises by reference to the residence status of trustees, as with individuals, but the scope of income tax is wider for non-resident trustees than for non-resident individuals. Trustees who are non-resident will nonetheless be liable to income tax on all UK source income if any beneficiary is resident in the UK.

As with individuals, trustees are liable to capital gains tax if the trustee body is resident in the UK but not if they are non-UK resident.

Trustees pay income tax/capital gains tax at the highest rates (45%/24% respectively in England).

By way of contrast, inheritance tax arises not by reference to the residence of the trustees but by reference to the domicile or long-term residence status of the settlor and the *situs* of the trust assets.

If the trust was in existence on 30 October 2024 and the settlor has died before 6 April 2025, the non-UK assets of the trust will be outside the scope of inheritance tax if the settlor was not domiciled or deemed domiciled in the UK when the assets became comprised in the settlement.

For all other trusts, the overseas assets of the trust will only be exempt for inheritance tax if the settlor is not a long-term resident of the UK when the inheritance tax charge arises (for example, the death of the settlor or the occasion of a 10-year anniversary charge). One exception to this is that there is no inheritance tax to pay on the death of a settlor in respect of non-UK assets held in the trust on 30 October 2024 if the settlor was not UK domiciled when the assets became comprised in the trust even if they have subsequently become a long-term resident.

If the settlor dies after 5 April 2025, overseas assets will be outside the scope of inheritance tax for as long as they remain in the trust if the settlor was not a long-term resident at the date of their death.

There are two regimes for inheritance tax in relation to trusts that are within the scope of inheritance tax.

The assets of a trust with a "qualifying" interest in possession (i.e. a right to income), such as a life interest, are deemed to be the property of the life tenant and chargeable in the same way as property owned outright by the life tenant (i.e. potentially a 40% tax charge on death). Qualifying interests in possession include an interest in possession, which commenced before 22 March 2006 but not one that commenced after that date, unless it arose immediately on death under a will or intestacy.

Secondly, settled property in which there is no qualifying interest in possession is taxed as if the trust were a separate entity. There is a charge to inheritance tax (currently at a maximum rate of 6%) on every 10th anniversary of the creation of the settlement and on the distribution of capital to a beneficiary.

Where a settlor is a beneficiary of a trust, the trust assets will be treated as remaining part of the settlor's estate for UK inheritance tax purposes, and so will be subject to inheritance tax on the death of the settlor. This does not, however, prevent the trustees being liable to inheritance tax on each 10-year anniversary of the trust as described above.

In some circumstances, an estate tax treaty can reduce the inheritance tax burden in respect of trust assets where the settlor is (or has been) domiciled in the other jurisdiction.

A settlor is taxable on the trust income if the settlor or the settlor's spouse is a beneficiary of the trust, if a distribution is made to an unmarried child of the settlor or if the settlor receives a capital sum from the trust (for example, the repayment of a loan).

A beneficiary will be taxable on any distributions of income from the trust. Generally, they will be entitled to credit for any tax that has already been paid by the trustees.

Settlors and beneficiaries are never subject to tax on the capital gains of a UK-resident trust as the trustees will already have paid tax at the highest rate. The rules for taxing settlors and beneficiaries on the income and gains of offshore trusts are explained in the answer to question 2.5 above.

9.3 How are trusts affected by succession and forced heirship rules in your jurisdiction?

Under English law (unlike in Scotland), there is testamentary freedom and there are no forced heirship rules that apply domestically. Where the deceased was domiciled in England & Wales (but not Scotland or Northern Ireland), the courts, however, have power under the Inheritance (Provision for Family and Dependants) Act 1975 to award reasonable financial provision where a will or intestacy does not provide reasonable financial provision (see question 7.3 above). The courts have wide power to make an order for appropriate provision, which can include altering the terms of a will trust to provide, for example, a lump sum to a claimant who has not received adequate financial provision under the will.

9.4 Are private foundations recognised/permitted in your jurisdiction?

There is no exact equivalent of a foundation under English law. The English courts will, however, enforce the terms of a foundation as ascertained under the law under which the foundation was established.

9.5 How are foundations/founders/beneficiaries taxed in your jurisdiction?

The taxation of a foundation depends on how it is classified for UK tax purposes. If the foundation is similar in its effect to a trust, HMRC will be likely to treat the foundation for taxation purposes as a trust. The precise treatment may, however, depend on the specific taxation provisions in place.

Where a foundation is structured more like a company, the rules applying to companies and corporation tax will apply. For example, the residence status will be determined by reference to the management and control of the foundation (see question 5.1 above).

In some circumstances, anti-avoidance rules relating to both trusts and companies, such as those mentioned in question 2.5 above, may apply to foundations, often making them unattractive from a UK tax perspective.

9.6 How are foundations affected by succession and forced heirship rules in your jurisdiction?

As there is no equivalent to a foundation under English law, it is not a vehicle that is used for succession purposes in England. There is no forced heirship regime under the English law of succession. The treatment of foundations will therefore follow the analysis of the particular foundation in question. For example, the rights of a deceased person in a foundation will be an asset that would be available for the English court to take into account in a claim by a person seeking financial provision under the Inheritance (Provision for Family and Dependants) Act 1975.

10 Matrimonial Issues

10.1 Are civil partnerships/same-sex marriages permitted/recognised in your jurisdiction?

Civil partnerships are recognised in the UK under the Civil Partnership Act 2004 (CPA). Civil partnerships registered abroad are recognised if they are a "specified relationship" or a relationship that meets the general conditions in the CPA and the relationship is between a couple of the same sex or of the opposite sex, neither of whom is already a civil partner or already married.

A specified relationship is a relationship registered in a country or territory listed in Schedule 20 of the CPA. The general conditions set out in the CPA are that the relationship under the law of the territory in which it was formed must be exclusive in nature, of indeterminate duration and the effect of entering into it is that the parties are treated as a couple either generally or for specified purposes.

The Marriage (Same Sex Couples) Act 2013 gives same-sex couples in England & Wales the right to marry and accordingly same-sex marriages are recognised in the jurisdiction.

Parties to a same-sex marriage entered into outside England & Wales are treated as being married in England & Wales, regardless of whether the particular country provided for same-sex marriage at the time the 2013 Act came into force, or at some later date.

10.2 What matrimonial property regimes are permitted/recognised in your jurisdiction?

English law does not contain a matrimonial property regime. The property rights of spouses and civil partners are generally governed by the same property law that applies to other individuals, except where the courts have discretion to intervene. For example, the English courts have powers to redistribute a couple's property between them following the death of one party (if the deceased was domiciled in England & Wales), under the Inheritance (Provision for Family and Dependants) Act 1975 and upon divorce where the English courts are given a very wide discretion under the Matrimonial Causes Act 1973 to make an extensive range of orders.

The courts of England & Wales will only apply English law in relation to a divorce. When a court in England makes orders for financial provision and ancillary relief on the dissolution of marriage, its powers and duties are those set out in the Matrimonial Causes Act 1973.

However, English private international law recognises marital property regimes under the law of the couple's domicile at the time of the marriage as valid, at least for succession purposes. The governing law in the absence of an express provision in a marriage contract will be that of the matrimonial domicile. There is some debate as to whether an express contract is required for this rule to apply to immovable property.

If the husband and wife are domiciled in the same country, in the absence of special circumstances, that country will be the matrimonial domicile. If they are not, the applicable law will be that of the country with which the parties and the marriage have the closest connection.

There is some uncertainty as to the effect of a post-matrimonial change in domicile. However, an English court will regard the matrimonial property regime as having changed if a court in the country of the new domicile would so regard it. In the same way, if the foreign court would not regard the change of domicile as affecting rights over property that was acquired before the change of domicile, an English court will most likely regard that property as still subject to the original regime.

Again, this is an area where the position in Scotland is different to England & Wales.

10.3 Are pre-/post-marital agreements/marriage contracts permitted/recognised in your jurisdiction?

Nuptial agreements are not automatically enforceable under English law. The parties to a nuptial agreement cannot oust the jurisdiction of the court and override the court's broad discretion to decide how to redistribute their assets and income on an application for financial remedy under the Matrimonial Causes Act 1973.

Nonetheless, when considering an application for financial remedy, the court will give appropriate weight to a nuptial agreement as a relevant circumstance of the case. It may be that a nuptial agreement will be given decisive weight. This will depend on the circumstances of the case. The court is likely to give effect to a nuptial agreement that is freely entered into by each party with a full appreciation of its implications unless in the circumstances it would not be fair to hold the parties to their agreement (as per *Radmacher v Granatino* [2010] UKSC 42). There is still a weighing exercise, involving judicial discretion, under MCA 1973, and the outcome of that process can never be guaranteed. This rule applies to both pre- and post-nuptial agreements. Some time ago, the Law Commission published a report finding that certain pre-nuptial agreements should be legally binding in divorce settlements. A draft bill was proposed and new legislation was recommended but has not been enacted.

The legal status of a nuptial agreement in England & Wales is the same whether the agreement is made in England or in a foreign jurisdiction. The English court will apply English law, irrespective of any foreign connection. However, as with an English nuptial agreement, the foreign nuptial agreement will be included as a factor to consider when the court exercises its discretion on how to redistribute the couple's assets and income. The relevance of the agreement being made in a jurisdiction where nuptial agreements are binding is as an indicator that the parties intended it to be binding in any future divorce or financial proceedings. The agreement will not be automatically enforceable but is likely to be applied if it is fair in all the

circumstances. It is more likely to be followed if each party was separately represented, there is full disclosure of assets and income and the agreement is not made shortly before the marriage (which may raise a suspicion of undue influence). Another element to consider is that the English court has been prepared to uphold more readily one particular type of clause: namely, an agreement to litigate proceedings for divorce and related financial claims in a specified jurisdiction.

10.4 What are the main principles which will apply in your jurisdiction in relation to financial provision on divorce?

Under English law, there is no standard formula for calculating appropriate financial provision on divorce. Instead, the court has a duty to consider all the circumstances of the case and to take into account a range of specific statutory factors set out in section 25 of the Matrimonial Causes Act 1973.

The court's approach to the section 25 factors is to calculate and then distribute the parties' available resources. Before considering the individual section 25 factors, the court first considers the welfare of any children of the family under the age of 18. The section 25 factors include the capital and income resources available to the parties, either existing or reasonably foreseeable (which may, for example, include assets held in trust), details of the financial needs of the parties, the respective contributions of each party, the conduct of each party (although only in exceptional cases) and any benefit either party will lose as a result of the divorce (such as a spouse's pension).

A line of cases has established a standard approach that the court follows. The starting point is that assets accrued during a marriage are divided equally, and the guiding principles applied are "equal sharing", "needs" and "compensation". The matrimonial home is normally considered a matrimonial asset, so is divided equally between the parties even if it was owned by one of them before the marriage.

Where significant matrimonial assets have been generated by the special contribution of one party, the court may provide the other party with a less than equal share to reflect this. However, special contribution arguments rarely succeed.

The sharing principle does not apply to property that is inherited or introduced by one party during the marriage. The exception is where such property has become part of the matrimonial assets; for example, by being put into joint names or converted into a different type of property enjoyed by the family.

Where the needs of the parties and any children cannot be met by an equal division, an unequal division of resources may be appropriate instead. In these cases, needs are likely to determine how capital and income are divided. The fact that assets have been inherited, or assets have been introduced by one party during the marriage, may count for little. However, where possible, the court tries to ensure that a party who inherited or introduced a particular asset retains it as part of the resources to meet their own needs.

Where assets are entirely, or largely, non-matrimonial, the division of resources may be determined entirely by the claimant's needs. These needs are generously interpreted. The financial provision may also include compensation for economic disadvantage (for example, because the party has given up a successful or lucrative career to look after children).

Where possible, the court seeks to achieve a clean break between parties on divorce, so that they are no longer financially dependent on one another. If there are insufficient assets to achieve a clean break, one party may pay continuing maintenance to the other.

If divorce proceedings are issued against a beneficiary of a trust, there are two ways in which the court could take trust assets into account when making a divorce order. Firstly, the court could make an order to vary any "ante-nuptial" or "post-nuptial" trust; and secondly, the court may take the trust assets into account as a "resource" of the individual getting divorced, with the result that the individual has to hand over a greater share of his or her personal assets.

A trust or a financial arrangement count as a nuptial settlement if the beneficiary was married, or was contemplating marriage, at the time the trust or arrangement was created and where the trust makes provision for either or both of the parties to the marriage in their capacity as spouses. If a settlement was not created at the time of marriage or at the time marriage was contemplated, the trust is less likely to be regarded as a nuptial settlement, although this could still be the case if the class of beneficiaries includes an individual's possible future spouse or widow. The fact that the settlement includes a power to give an interest in the trust to such a future spouse or widow, however, may not be sufficient to make the trust "nuptial".

Where a divorcing party is entitled to the income from a trust or the couple have relied on the trust for financial provision, that income or the measure of provision will be a financial resource of the divorcing party and will be considered by the court when making a divorce order. If trust assets are considered a financial resource of a party, the court could make a more costly order against the individual's personal estate on the basis that they can then rely on the trustees for funding.

Where a divorcing party does not have a current interest in the income or capital of a trust, when looking at that individual's other financial resources, the family courts are empowered to look at trust assets to which a divorcing party will be or may become entitled in the future. Whether or not trust assets are to be considered a financial resource of an individual will largely depend on whether that individual has benefitted from the trust in the past, and to what extent they may be expected to benefit in the future.

The court cannot put improper pressure on trustees to exercise their discretion to pay capital to a beneficiary who is obliged to meet divorce payments. However, the court can make an order that will encourage trustees to make a distribution in favour of a beneficiary, particularly where the court is satisfied that the individual could persuade the trustees to distribute capital. Trustees are expected to respond positively to such orders. Even where a trust is not governed by English law, the English court will still consider the trust assets when making a divorce order.

If the trustees are not resident in the UK, any direct order from the English courts may be ineffective due to enforcement difficulties. Therefore, to a certain extent, trusts administered outside the UK are better protected from divorce proceedings. However, it is important to be aware that certain jurisdictions, provided the divorce order does not require the trustees to act outside their powers, may apply the doctrine of comity so as to assist the foreign court and may give effect to the divorce order.

11 Immigration Issues

11.1 What restrictions or qualifications does your jurisdiction impose for entry into the country?

British and Irish citizens have a right of abode, allowing them to enter the UK without restriction or prior permission. All other nationalities will have immigration restrictions imposed on their entry and stay in the UK.

For visitors, nationals of countries specified in "Appendix Visitor: Visa national list" of the UK Immigration Rules must apply for a visa before travelling to the UK as a visitor. For non-visa nationals (anyone not on the visa national list) visiting the UK, individuals will need to apply for the Electronic Travel Authorisation (ETA) before travelling to the UK. This is similar to the Electronic System for Travel Authorization (ESTA) visa waiver programme in the United States.

Visitors will need to provide their personal details when applying for the ETA, which include their immigration history and information about any previous convictions. If the ETA is not approved, then a separate visitor visa application will need to be made to obtain visa permission before travelling to the UK.

A visitor can stay in the UK for up to six months, provided they do not intend to live in the UK for extended periods and through frequent or successive visits or make the UK their main home. They must be able to show they have plans to leave the UK at the end of their visit, have enough money to support and accommodate themselves in the UK or that they will be supported and accommodated by relatives or friends, and that they do not intend to study or work (although a course of up to six months with an accredited institution, including English language courses, or recreational study at any institution for up to 30 days, but not including English language courses, are allowed).

Visitors coming to the UK to undertake business activities must be employed abroad and receive their salary from abroad. They can undertake limited activities in the UK, such as attending meetings and training. There are also visitor visa categories for sportspersons, entertainers and those seeking private medical treatment in the UK.

Non-British/Irish nationals who wish to remain in the UK beyond a short-term visit must apply for the relevant visa. The main visa categories are:

- Skilled Worker – for individuals who wish to work in the UK in a skilled position and have a job offer with a UK company prior to applying for the visa. UK companies who wish to sponsor individuals to work in the UK under Skilled Worker visa route must first apply to the Home Office for a sponsor licence.
- Global Business Mobility – for individuals who wish to come to the UK though an intra-company transfer from their overseas employer, or to set up an overseas business that has not started trading in the UK. Again, a sponsor licence is required.
- Global Talent – for individuals who are recognised as "leaders" or "potential leaders" in the field of: academia and research; arts and culture; or digital technology.
- Innovator Founder – for individuals who wish to set up an "innovative, viable, and scalable" business in the UK.
- Temporary Worker – for individuals with short-term work in the UK (such as internships) and includes the working holiday visa under the Youth Mobility Scheme.
- High Potential Individual – for individuals who graduated overseas in one of the universities in the top 50 rankings (though this will soon be increased to the top 100 rankings).
- Student – for individuals who have been accepted to study at a UK educational establishment that holds a sponsor licence to sponsor students.
- Graduate – for individuals who have completed a degree course in the UK as a student.
- Family Members of settled persons can join those holding indefinite leave to remain (ILR) or British/Irish citizens on meeting the minimum income requirement, amongst other requirements.
- UK Ancestry – for Commonwealth citizens with a grandparent born in the UK or UK territories.

11.2 Does your jurisdiction have any investor and/or other special categories for entry?

The investor visa was closed to new applicants in February 2022; however, existing investor visa holders may still apply to extend and apply for settlement (ILR).

Previously, the investor programme allowed high-net-worth individuals to make substantial financial investments in the UK and on maintaining the investments in the UK, the investor would be eligible for ILR. This is also subject to a residence requirement where the investor must not have spent more than 180 days outside the UK in any 12 months during the relevant period. This relevant period depends on the amount of investment made and maintained, which is: five years on investing £2 million; three years on investing £5million; and two years on investing £10million.

It is possible that the investor visa (or an equivalent programme) will be re-introduced in the near future. However, though there were reports suggesting that the UK Government was considering this, no further announcements have been made to date. The other special categories available are the Innovator Founder or Global Talent visas, which are both difficult visas to obtain.

The Innovator Founder visa requires the applicant to produce an "innovative, viable and scalable" business plan, which is examined by experts referred to as "Endorsing Bodies", who have been selected by the Home Office to review business plans. "Innovative" is taken to mean the business' proposition is an original and unique concept that is not easily replicable by others, which is often difficult to prove. As such, this has not been a popular alternative visa route.

The Global Talent visa allow "leaders" or "potential leaders" in the field of academia and research, arts and culture, and digital technology to apply for the visa. However, there are specific considerations in determining whether one is a leading individual. As part of the application, three reference letters will need to be provided by peers who are also prominent leaders in their field. In some cases, applicants may also need to show they have won prestigious awards showing they have been recognised for their achievements. This visa route is therefore available to those who are prominent and talented individuals in those fields.

11.3 What are the requirements in your jurisdiction in order to qualify for nationality?

Where the individual has no British connection through their family or their place of birth, then British nationality can be obtained through naturalisation. This requires the individual to have at least five years' residence in the UK and have obtained settlement (ILR) in the UK in the last 12 months before the application is made.

It is important to note that not all visa categories lead to settlement; therefore, where an individual has spent five years' residence in the UK but has not been granted ILR, they would not qualify for British nationality.

There is a residence requirement where the individual's absence from the UK must not be more than 90 days in the 12 months preceding the application, and not more than 450 days in total in the five years preceding the application. This is a stricter day count than for ILR where that is 180 days in any

12 months over the relevant period. Where absences exceed the nationality requirement, discretion is only exercised in limited circumstances such as where absences were due to travel disruptions caused by the global pandemic or where absences were unavoidable due to the nature of the applicant's work for a UK-based business. There is also a "good character" requirement where there will be considerations on: criminality issues (such as charges or criminal convictions); financial affairs (such as tax liabilities); and previous dealings with the UK authorities. In addition, individuals aged between 18 and 65 must meet the English language requirement and must have also passed the "Life in the UK" test. However, both requirements should have already been met at ILR stage.

Typically, children (under 18) who were born outside the UK can apply to register as British at the same time as their parent/s. The general rule is that the child must hold ILR and at least one parent is applying for, or holds, British citizenship and the other parent holds ILR.

Children born in the UK can register as British as soon as one parent obtains ILR and the child need not hold ILR prior to applying.

The main advantage of obtaining British nationality is that it can rarely be lost, whereas ILR can be lost where an individual has spent more than two consecutive years outside the UK. British nationality obtained through naturalisation can also be passed down one generation regardless of where the child is born. British nationality will also allow visa-free or visa-on-arrival access to a significant number of countries in the world, making it one of the most useful passports to have.

11.4 Are there any taxation implications in obtaining nationality in your jurisdiction?

The UK does not tax on the basis of citizenship, so there are generally no direct tax consequences of obtaining British nationality (but see further question 1.5 above).

11.5 Are there any special tax/immigration/citizenship programmes designed to attract foreigners to become resident in your jurisdiction?

From an immigration and nationality standpoint, the UK does not operate any residence by investment or citizenship by investment programmes.

However, there are a number of UK visa options that lead to settlement (ILR). These visa routes are designed to attract skilled migrants who intend to work in the UK (such as the Skilled Worker visa) or talented individuals who intend to be economically active in the UK (such as the Global Talent or Innovator Founder visa).

Once ILR is obtained, then it may be possible to apply for British nationality after residing in the UK for at least five years (and three years if you are married to a British citizen).

The four-year FIG regime described above provides a complete exemption from tax for overseas income and gains. There is no restriction on the ability to work in the UK (indeed, the regime exempts remuneration for work done outside the UK in the first four years of residence). There is also no restriction on bringing the overseas income/gains to the UK. Coupled with the exemption from UK inheritance tax for the first 10 years of residence, this makes the UK an attractive destination for foreigners looking to relocate.

12 Reporting Requirements/Privacy

12.1 What automatic exchange of information agreements has your jurisdiction entered into with other countries?

The UK has entered into a "Model 1" intergovernmental agreement with the US to implement the US Foreign Account Tax Compliance Act (FATCA) and has also enacted the required domestic legislation.

The purpose of FATCA is to ensure that US taxpayers have fully disclosed their foreign assets to the US Internal Revenue Service (IRS). Foreign Financial Institutions are required to file reports annually with HMRC that relate to financial accounts or structures held for US persons or owned and controlled by US persons. That information will then be shared with the IRS. Both "Foreign Financial Institutions" and "financial accounts" are broadly defined, which gives FATCA a surprisingly long reach.

If Foreign Financial Institutions are not fully compliant, this will be reported to the IRS and they may face withholding on (broadly) any US source investment income and proceeds of disposal of US financial assets.

The UK has also signed up to the OECD's Common Reporting Standard (CRS), which requires automatic exchange of information; and, as a then EU Member State, to the EU-wide initiatives in this area, specifically the Council Directive 2011/16/EU as regards administrative cooperation in the field of taxation (Council Directive 2011/16/EU as amended by Council Directive 2014/107/EU, referred to as the DAC), which extended the cooperation between tax authorities to automatic exchange of financial account information, effectively implementing the CRS within the EU.

Each of the FATCA and CRS arrangements rely on requiring financial institutions that are treated as resident within a participating jurisdiction to undertake due diligence searches and certification procedures in order to identify assets held for individuals or entities who (or which) are resident in the partner jurisdiction(s) or for entities that have controlling persons who are resident in the partner jurisdiction.

Having done so, they are then required to share certain financial information relating to the assets identified with the relevant partner jurisdictions.

As a result, in a similar way as in relation to FATCA, financial institutions treated as resident in all jurisdictions that have signed up to the CRS and/or the DAC need to undertake due diligence procedures and those jurisdictions will automatically exchange financial information with HMRC in relation to reportable accounts and entities. Individual and entity accounts will be reportable for these purposes if they have been identified as held by UK-resident individuals or entities or by entities with UK-resident controlling persons.

The main issue to note about these arrangements is the surprising breadth of the term "financial institution". Most asset-holding structures will fall within the scope of reporting – either themselves as a financial institution, or as a "passive" non-financial entity.

Following Brexit, the UK has signed up to the OECD's Mandatory Disclosure Rules in place of the DAC regime. The Mandatory Disclosure Rules focus on arrangements that undermine CRS or obscure beneficial ownership.

12.2 What reporting requirements are imposed by domestic law in your jurisdiction in respect of structures outside your jurisdiction with which a person in your jurisdiction is involved?

As well as these international initiatives, there are a number of provisions in UK domestic law that contain reporting requirements in respect of offshore structures.

In some cases, these reporting requirements only apply to individuals who are both resident and domiciled in the UK or, from April 2025, who are long-term residents. For example, both the settlor and any professional involved in the creation of an offshore trust by a UK-domiciled or long-term resident individual are required to report the establishment of the trust to the UK tax authorities. An individual who does not elect to benefit from the four-year FIG regime or who has been in the UK for four years and so is no longer able to benefit from that regime must report the existence of an offshore trust structure even if there was no requirement to report the creation of the structure.

Income that is attributed to a UK-resident individual from an offshore structure under the anti-avoidance provisions mentioned in question 2.5 above must be reported on that individual's tax return.

Similarly, capital gains that are attributed to a UK-resident beneficiary of an offshore trust must be reported on that person's UK tax return.

Overseas trustees who have inheritance tax liabilities either as a result of holding UK assets or because the settlor was UK-domiciled or is a long-term resident of the UK are required to submit inheritance tax returns when chargeable events occur (for example, on the 10-year anniversary of a trust).

Trustees of offshore trusts with UK beneficiaries that receive UK source income are required to submit UK tax returns in respect of that UK source income.

12.3 Are there any public registers of owners/beneficial owners/trustees/board members of, or of other persons with significant control or influence over companies, foundations or trusts established or resident in your jurisdiction?

In the UK, all company directors must be registered at Companies House under the Companies Act 2006. This information is available to the general public.

In addition, the UK has created a public beneficial ownership register for companies and LLPs. Companies have been required to maintain a "persons with significant control" (PSC) register since 30 June 2016.

The PSC register is available to the general public. The information on the register includes the beneficial owner's name, month and year of birth, nationality, country of residence and the nature and extent of the person's beneficial ownership. An individual who ultimately owns or controls a legal entity through direct or indirect ownership of more than 25% of the shares or voting rights will be a beneficial owner. A shareholding or an ownership of more than 25% in the corporate entity held by another corporate entity, which is under the control of an individual, or by multiple corporate entities, which are under the control of that same individual, will be an indication of indirect ownership.

Where a beneficial interest is held through a trust arrangement, the trustee(s) or any natural persons exercising significant influence or control over the activities of the trust will have to be disclosed as a beneficial owner of the company. Crucially, beneficiaries, and in many cases settlors, would not normally be included on the PSC register owing to the fact they will not generally be able to exercise significant control over a trust.

The UK also has a register of beneficial ownership of trusts. All trusts that are resident in the UK must be included on the register. In addition, any non-UK trust that has a UK tax liability (for example, because it owns UK assets or receives UK source income) or that acquires UK real estate must be registered. Non-UK trusts that engage certain UK service providers (such as financial institutions, accountants, lawyers, etc.) and that have at least one trustee who is UK resident also have to be registered on the UK trust register.

As is the case in the EU, access to the UK trusts register is available to anybody with a "legitimate interest". This is relatively narrowly defined by reference to the person's involvement in combatting money laundering or terrorist financing. Where a trust that appears on the UK trust register holds a controlling interest (more than 50%) in a non-EU company, the information about the trust is also available to the general public.

12.4 Are there any public registers of beneficial owners of, or of other persons with significant control or influence over, real estate located in your jurisdiction?

Any non-UK entity that holds UK land must register on a register of overseas entities maintained by Companies House. Details of the beneficial owners of the overseas entity must be provided. If a beneficial owner is a trustee, details relating to the trust must also be provided. The beneficial ownership information is available to the public. The overseas entity cannot acquire land in the UK nor deal with land already owned without being registered.

Legislation is under discussion which might result in a register of beneficial owners of land in the UK and/or those who have significant influence and control over land in the UK. Some of these proposals would apply to whole of the UK, whilst others would be limited to England & Wales. Scotland already had a register of people who influence or control decisions relating to land in Scotland.

13 Future Developments

13.1 How do you see the climate for foreigners wanting to come and live in your jurisdiction developing over the next few years?

Answering this from a tax perspective, the Government has repeatedly stressed its wish to have an internationally competitive regime to attract foreigners to live and work in the UK.

Whilst the new four-year regime for income and capital gains tax purposes is relatively short, it provides a complete exemption from tax on overseas income/gains during that period with no requirement to make any payment to access the benefits and no restrictions on any activities in the UK.

The corresponding exemption for remuneration for work done overseas during this period is also welcome (although this is subject to a cap of £300,000). More importantly, the period for which an individual can remain in the UK without being subject to inheritance tax on UK assets is 10 years. It is also helpful that the new regime is available for returning UK residents, which is likely to attract UK nationals to return to the UK.

Having made these changes, we do not foresee any further significant changes in the medium term for individuals planning to come to the UK.

Moving away from the uncertainties currently prevalent in the tax system, perhaps the biggest challenge compared to the recent past remains the difficulty of obtaining a visa otherwise than for work: historically, the UK has provided a haven for people to live and invest and (most importantly) to spend whilst not necessarily fulfilling conventional employment patterns.

When this was curtailed following the invasion of Ukraine by the abolition of the investor visa, it became conceptually difficult to promote the UK as a place to spend. The incoming Government has not so far deviated on this score from the policy of its predecessor; however, there has been an increased focus on leveraging immigration policy to best benefit the UK economy. This has resulted in some discussions around re-introducing a visa similar to the old investor visa but one perhaps focused on key sectors in line with the Government's economic objectives.

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