

# The New 4-Year FIG Regime

OCTOBER 2025

## The New 4-Year FIG Regime: Key Tax Changes for Returning UK Residents

### What has changed from April 2025?

Since 6 April 2025, the concept of domicile and the remittance basis of taxation was abolished. To replace it, the UK Government introduced the Foreign Income & Gains (FIG) regime. Under the regime there is a valuable four-year tax window for returning expats and internationally mobile individuals where foreign income and gains are exempt from UK taxation.

### Who Qualifies for the 4-Year FIG Regime?

The regime is open to individuals who have been non-UK tax resident for at least 10 consecutive tax years before returning. It applies equally to UK citizens and non-UK citizens.

### How the FIG Regime Works

For the first four UK tax years of residence, qualifying individuals can claim exemption from UK tax on their foreign income and gains.

#### Key points:

- Relief applies whether or not the funds are remitted to the UK
- All claims must quantify income and gains; unreported amounts remain taxable
- In any year a claim is made, individuals lose their personal allowance and CGT annual exemption and cannot claim foreign income or capital losses

### Overseas Workday Relief (OWR)

Employees eligible under the FIG regime may also claim Overseas Workday Relief for up to four years.

- The relief applies to individuals who work both in the UK and abroad.
- Relief is capped at the lower of 30% of qualifying earnings or £300,000 per year
- This extension can significantly reduce the UK tax burden for internationally mobile workers

### Impact on Non-UK Trusts and Overseas Structures

From April 2025, trust protections will be removed. FIG within settlor-interested trusts will be taxed directly on the settlor unless the FIG regime applies.

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Similarly, income and gains in overseas companies or structures may be attributed to UK-resident settlors. The anti-avoidance rules that attribute income and gains to distributions/benefits received by UK residents continue to apply.

## Transitional Reliefs to Support the Change

### 1. Capital Gains Tax (CGT) Rebasing

Certain former remittance basis users may rebase foreign assets to their 5 April 2017 market value, reducing CGT exposure on future disposals after 6 April 2025.

### 2. Temporary Repatriation Facility (TRF)

The TRF is a valuable relief that allows UK resident individuals who has previously claimed the remittance basis to pay reduced tax rates on foreign income and gains that they may wish to remit:

- 12% in 2025/26 and 2026/27
- 15% in 2027/28

The funds do not need to be remitted in one of the tax years for the tax to be paid at the reduced rate. An individual could pay tax on their foreign income and gains at the reduced rate, but choose to remit such amounts at a future date. This might be preferable where there is illiquid assets containing non-remitted foreign income and gains, such as a property, which may not be immediately sold, but when it is they may want the option to be able to bring the funds to the UK.

## Why the FIG Regime Matters

For returning expats, internationally mobile professionals and families with overseas wealth, the FIG regime offers significant opportunities to manage tax exposure during the first four years of UK residence.

However, the rules are detailed and planning is essential. Specialist advice is strongly recommended to make the most of the regime, particularly when dealing with trusts, complex assets, or cross-border income.

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