

Top 5 Considerations When Moving Abroad

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Top 5 Considerations as an Expat When You Move Abroad

According to The Times, 10,800 millionaires left the UK in 2024, citing high taxation as a primary reason. Here we break down the Top 5 tax and financial considerations for expats who have left the UK for Dubai or other jurisdictions.

Tax Considerations

1. Becoming a non-UK resident

The Statutory Residence Test (SRT) determines whether those seeking to become non-UK residents remain subject to UK taxes after moving abroad. There are many considerations to take into account, and in particular there are a couple of areas of the SRT which often catch people out, where we would recommend taking advice, for example:

- The second automatic UK ties test: if you plan to leave the UK, but retain a home here, the date at which you start to have a home overseas will impact whether this complex test will be triggered
- Split-year treatment: if you leave part way through a tax year, you need to meet certain tests so that a portion of your income or gains is not taxable in the Non-Resident part of the year

2. Exiting the UK Tax System: CGT and Income Tax implications

There is a common misconception that people can move abroad for a couple of years and then return, without tax consequences. However, the devil is in the detail.

Temporary non-residence rules can, upon your return to the UK, trigger both income and capital gains tax on actions taken whilst living overseas.

To avoid UK CGT or income tax on certain assets/receipts on a return to the UK, individuals must be non-UK residents for at least five years and one day, which means some people actually need to be non-resident for six tax years. The rules catch a variety of income and gains, potentially including gains or distributions from an entrepreneurs' company, life insurance chargeable event gains, certain pension income and more.

For expats who are planning to leave for a few years, selling your company or taking distributions from your company abroad may not achieve the outcome you desire. It's worth seeking tax advice from your destination country that supports tax advice received from leaving the UK. This often means connecting your advisers in each jurisdiction to talk to each other to ensure they provide the best solution.

Top 5 Considerations When Moving Abroad

NOVEMBER 2025

3. The New UK Long-Term Residence Regime

The UK government is replacing the concept of domicile with the concept of Long-Term Residence, which significantly affects individuals both leaving and returning to the UK. Read our related article [here](#).

Under the new system, the key changes to be aware of are:

- IHT Tail: The length of the “tail” will depend on how many years you have been UK resident - the current tail is three years, but this could now potentially be up to 10 years - for those who leave the UK before 6 April 2025 there are transitional rules
- With the remittance basis of taxation scrapped and Inheritance Tax (IHT) now based on residency, this presents significant changes for long-term expats abroad. Individuals who have been a non-UK resident for 10 out of the previous 20 years will have four years where their Foreign Income and Gains (FIG) will be outside of UK tax regardless of whether remitted. You can read our article on FIG [here](#). However, for those who have historically claimed the remittance basis, you will still need to trace remittances.

For expats who have just left the UK, these points may be more of a concern in the future, but they could determine how long you wish to remain non-UK resident.

Other Considerations

4. Financial & Pension Goals

Relocation presents an opportunity to reconsider your wider finances and align goals that work with your lifestyle and long-term plans.

For example, for those moving to Dubai, UK pensions are an important consideration. Under the UK-UAE tax treaty, most private pensions can be paid without UK tax, provided the correct residency and HMRC forms are in place. This makes them a valuable source of retirement income for expats. However, government service pensions are treated differently and may remain taxable in the UK.

It's also worth noting that from 2027 unused UK pensions will start to fall into the scope of UK Inheritance Tax, which could affect how you structure wealth for your family.

Top 5 Considerations When Moving Abroad

NOVEMBER 2025

Alongside pensions, broader planning is essential. Good cash flow planning ensures you have the right balance between liquid assets for near-term needs, such as property purchases, school fees or healthcare, and longer-term investments to support retirement. Building a wider financial plan helps keep everything connected – clarifying why you are moving, what you want to achieve, and how pensions, investments and lifestyle goals fit together.

5. Investment Considerations

Where to Hold Assets

Where to custody assets is a key consideration when relocating to ensure investments are held in a tax-efficient way. We often recommend expats moving to say, Dubai or elsewhere in the Middle East, to hold their banking and custody accounts in a neutral third country rather than in their new country of residence.

Choosing the Right Investment Structures

Your investment strategy should be tailored to your personal circumstances and individual needs.

Expats relocating to other countries should consider exploring the following:

- Business structure – Is your business in the most tax-efficient structure to realise liquidity events when you leave the UK?
- International Pensions – Some jurisdictions, such as Dubai, offer expat-friendly pension schemes with tax advantages
- Offshore Funds – Investing in offshore funds rather than UK funds directly can have tax benefits
- Location of custody account – Offshore brokerage accounts can offer tax efficiency and flexibility

6. Conclusion

Relocating abroad creates a perfect opportunity to assess your financial goals and look to create a long-term holistic wealth management strategy. Careful structuring, to avoid unexpected tax liabilities and ensure financial security, is paramount.

Engaging with an advisor, to help develop a personalised relocation plan can help ensure a structured, tax-efficient transition, and ultimately guide you through the complexities of cross-border wealth planning.

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NOVEMBER 2025

At Bentley Reid, we offer comprehensive UK tax, financial planning and investment advice and recommend seeking professional legal advice (and external tax advice where required which we can help coordinate) before making any decisions.

Sources:

- The Times, "Capital gains tax receipts fall 10% as wealthy exit UK," 25 April 2025.
- The Times, "The rich aren't popular, but it's better having them inside the tent," 29 April 2025.

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