

Double Tax Twist

Introduction

Onward's previous report on high net worth flight, *The Prosperity Package*, set out a framework for attracting wealth from high-net-worth individuals (HNWIs) to the UK, which would boost the economy and deter capital from being moved overseas.¹ This comes amid mounting evidence that significant numbers of HNWIs are relocating to countries with more favourable tax regimes, putting at risk the Government's forecast of £34 billion in tax receipts from its changes to the non-dom regime by 2029-30.²

To attract HNWIs to invest their capital in the UK, rather than in countries such as Italy or the UAE, Onward argues the Government should introduce a precise, targeted legislative amendment to its non-domiciled (non-dom) tax regime and the temporary repatriation facility (TRF). This amendment would focus on preventing HNWIs from effectively being taxed twice when bringing money into the country.

This proposal is not in opposition to Labour's decision to abolish the non-dom regime and instead simply seeks to ensure the smooth operation of the TRF and transition to the new residence-based regime. It would ensure that HNWIs invest money in the UK, resulting in higher tax receipts, more money for public services and greater economic activity overall.

Context - the abolition of the old non-dom regime

In 2025 the Labour government abolished the pre-existing non-dom regime, a remittance-based system of taxation under which foreign income and capital gains were only taxed when they were brought into the UK, and replaced it with a residence-based system of taxation. This means HNWIs are now taxed on the basis of their residency in the UK, with their worldwide income and capital gains subject to UK taxation as they accrue, as opposed to being taxed on overseas income only when brought into the country.

¹ Onward. "The Prosperity Package: A Plan to Bring Wealth Creators to Britain | Onward." Onward, August 12, 2025. <https://ukonward.com/reports/the-prosperity-package/>.

² Treanor, Jill. "Rachel Reeves Reviews Impact of Changes to Non-dom Tax Status." *The Sunday Times*, December 20, 2025.

<https://www.thetimes.com/business/economics/article/rachel-reeves-review-non-dom-changes-g8ppn86tp>

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To aid the transition from a remittance to a residence-based system, the Labour Government has introduced the Temporary Repatriation Facility (TRF). This allows non-doms who previously relied on the remittance-based system to bring previously untaxed overseas capital into the UK at a discounted tax rate of 12%, rising to 15% in the final year. The scheme will run between 2025 and 2028.

The amendment proposed sits squarely within Labour's TRF framework, aiming to rectify a technical flaw which as it stands discourages money from being brought into the UK.

The problem of double taxation

Under current legislation, HNWIs risk effectively being taxed twice at different rates on the same money when they bring it into the UK. This happens as the current drafting of the TRF creates a risk of overlapping tax charges, whereby steps required to extract or route funds from offshore companies in order to make a remittance may trigger separate and higher tax charges under the UK's anti-avoidance rules, particularly the Transfer of Assets Abroad (TOAA) provisions.

For example, under the current rules a UK resident may be taxed at 12% under the TRF when foreign income or gains are remitted to the UK. However, the steps needed to facilitate that remittance, such as distributions, loan repayments or other transfers from an offshore company, may separately fall within the TOAA rules. This can give rise to a separate tax charge, distinct from the TRF charge, which could be taxed at much higher rates (up to 45%). As a result, amounts connected to the same underlying funds can be subject to additional tax charges beyond the TRF charge.

Faced with this risk of double taxation, many HNWIs are being advised to keep their money offshore or shift capital and investment activity to countries with more competitive tax regimes, in turn reducing UK tax receipts.

This is particularly pertinent in the case of offshore and fully commercial structures with shareholders who previously had full protection under the remittance arrangements. While the TOAA rules would have technically been in scope, such taxpayers had blunt protection for fully offshore transactions. Now such taxpayers are taxed on the "arising" basis and are faced with the dilemma of taking full advantage of the TRF, risking scrutiny either directly in connection with their transactions under the scheme, or indirectly in respect of their offshore structures.

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Proposed amendment and recommendations

Jack Rankin MP has proposed an amendment that would ensure payments or transfers associated with a central transaction are not taxed separately to that transaction at a different rate, including at a higher rate in future, ending the risk of double taxation. This aims to ensure the UK is an attractive destination for overseas capital, so that funds are brought into the UK, and therefore taxed at 12–15% under the TRF, rather than being kept offshore or redirected elsewhere.

Amendment 1 to the Finance Bill introduces paragraphs 13C and 13D to Schedule 3, creating a statutory disregard for payments or transfers made "for the purpose of, or in connection with, or consequential upon" the remittance of designated qualifying overseas capital or the provision of relevant benefits. This therefore prevents these facilitating transactions, including pre-existing loans and liabilities before 5th April 2025, from triggering further tax charges under the UK's anti-avoidance laws.³

You can find a link to Amendment 1, and all other amendments to the Finance Bill, [HERE](#):
[finance2_rm_pbc_0122.pdf](#)

No payment or transfer of assets (including any repayment in respect of a pre-existing loan or liability) made in a qualifying year for the purpose of, or in connection with, or consequential upon, the remittance of that designated qualifying overseas capital to the individual (whether by the person abroad, or any company or settlement), to the extent that the amount or value of such payments or transfers in that qualifying year does not exceed the aggregate amount of remittances within sub-paragraph (1)

Amendment 1 (proposer: Jack Rankin MP)

This amendment would be limited in scope, affecting only the TRF which runs from 2026-2028. It also ensures there are checks to prevent abuse, requiring those involved in transactions to provide HMRC with clear information on how much money is being transferred, what the money is being moved for, and what parties are involved in the transaction. The amount may not exceed that of the initial payment.

³ These anti-avoidance laws are specifically the Transfer of Assets Abroad (TOAA) provisions under sections 721 and 728 of the Income Tax Act 2007 (ITA 2007) and the Settlements legislation found in section 648 of the Income Tax (Trading and Other Income) Act 2005 (ITTOIA 2005)

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Conclusion

For the Government's new residency-based taxation scheme to be implemented effectively, the temporary repatriation facility must work seamlessly to enable a smooth transition from the old remission-based non-dom regime.

This amendment acts as a small but important adjustment to the TRF which would ensure that it works as intended and does not deter investment. By preventing double taxation, this amendment would encourage overseas capital to come into the UK, boosting tax receipts and supporting economic growth.