



## The UK's non-dom regime is changing, what does this mean for offshore trusts?

If you are a UK resident non-dom and have settled assets in an offshore trust, then the time is ripe for a critical review of the future use of the trust.

Ahead of the incoming changes to the UK's non-dom regime, we can help you understand what exactly is changing, what your options are and how to choose your next steps wisely.

### What are the key changes impacting offshore trusts with UK resident non-dom settlors?

Following the 2024 Autumn statement, from 6 April 2025 non-doms living in the UK long term who have settled offshore trusts face broadly the same income and capital gains tax regime as UK domiciled settlors with offshore trusts. Going forwards, for many such trusts where the settlor still has an "interest" the income and gains of those trusts – and often underlying offshore structures – will be attributed to, and taxed on the settlor.

For IHT purposes, many offshore trusts settled before Budget Day and having non-UK situs assets will be "grandfathered" so that they will not fall into the settlor's estate for IHT purposes. However, there will be no grandfathering for the IHT "10 year charge regime" where the settlor is a long term resident going forward. Different considerations apply for trusts with UK situs assets, that we would be happy to work with you on to make sure the right solution is found.

### Make sure capital gains tax is paid by the trust, and not the settlor

Some trusts will look to exclude the settlor and their spouse/minor children to avoid the rules that mean that the trust income is attributed to the settlor. However, for offshore trusts settled by non-doms, the new rules post April 2025 will mean that even if the settlor can't benefit from the offshore trust, capital gains will still be attributed to the settlor unless a wider class of beneficiaries (including children and grandchildren) are excluded. On the other hand, onshoring means UK trustees will pay capital gains tax (CGT) in their own right, so the tax is not passed back to the settlor. For settlors that will now continue to stay in the UK, this could simplify their lives significantly, though of course bespoke advice will be needed in each case.

## Why move the trust to the UK, through the appointment of a UK corporate trustee?

### **Gain increased influence over the trust**

By moving the trust to the UK, depending on the terms of the trust there may be the possibility for the settlor to become a trustee if wished. This means you, as trustee, can influence decisions over the trust such as how and when to invest the funds, and who to make distributions to, while still being guided by a professional trustee. Overall, you can input more effectively than you could purely by a letter of wishes.

### **Pay less in fees**

By reducing the complexity of the trust, with the new rules, it may also be possible to reduce the annual fees charged by the trustees.

## Why choose Ludlow Trust?

Your trust will be managed by our exceptionally experienced team, familiar with the intricacies of both onshore and offshore trusts. We'll guide you seamlessly through the process, making sure we're there to support and advise every step of the way.

When it comes to issues like changing tax policy, our team of dedicated advisors and trust managers are well versed in such complexities, and would be delighted to have an initial conversation with you and/or your financial advisor. Get in touch with us to discuss whether the appointment of Ludlow Trust as a UK trustee could be a valuable part of your tax planning in 2025 and beyond.

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## Need our help?

You can get in touch by calling us on 020 4534 2750, emailing us at [enquiries@ludlowtrust.com](mailto:enquiries@ludlowtrust.com) or completing the form on our [Contact page](#).

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