



Employees coming to work in the UK should see an improvement in the new version of overseas workday relief set to be introduced from 6 April 2025.

Current system

Under the current system of overseas workday relief, earnings for employment duties performed overseas are exempt from UK tax if:

- The employee is not domiciled in the UK;
- The employee is taxed on the remittance basis; and
- The earnings are not remitted to the UK.

Relief is available for a maximum of three tax years.

From 6 April 2025

From 6 April 2025, domicile – along with the remittance basis – will be replaced by a new regime based solely on residence. Overseas workday relief will then be available to an employee coming to work in the UK if they are a qualifying new resident:

- They can claim relief for up to four tax years after arriving in the UK, with a separate claim required each year. The claim will be made on the employee's self-assessment tax return.

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- As is currently the case, a claim will exempt remuneration for duties performed overseas. However, it will not make any difference whether or not this remuneration is remitted to the UK.
- Relief will be capped (per tax year) at the lower of:
 - £300,000; and
 - 30% of the employee's worldwide employment income.

A qualifying new resident is someone who was not UK resident for the ten consecutive tax years immediately before they arrived in the UK.

Under the current system, there is no entitlement to the income tax personal allowance and the capital gains tax annual exempt amount as a result of using the remittance basis. It will be the same under the new system, because a claim for overseas workday relief for a particular tax year will result in the loss of both allowances.

HMRC's technical note on reforming the taxation of non-UK domiciled individuals (with overseas workday relief covered on pages 12 to 16) can be found [here](#).

We can help

Please call us on **01753 888 211** or email info@nhllp.com if you need guidance with any of the issues raised in this Broadcast. We would be happy to help.