1 Non-resident, and previously non-domiciled individuals

(1) Part 1 of Schedule 1 makes provision about income tax and capital gains tax in connection with whether an individual has been non-UK resident or domiciled outside the United Kingdom, including—

(a) provision about the reliefs for qualifying new residents,

(b) provision about the residency of personal representatives, and

(c) provision about former users of the remittance basis.

(2) Part 2 of that Schedule makes provision amending Schedule 10 to FA 2025 (temporary repatriation facility).

(3) Part 3 of that Schedule makes provision about individuals who have been temporarily non-resident.

2 Trust protections etc: minor amendments and transitional protection

(1) In Chapter 5 of Part 5 of ITTOIA 2005 (settlements), in section 643C (meaning of "available protected income")—

(a) in subsection (1), in Step 5, after "within" insert "Step 2 or";

(b) in subsection (3)(b), at the end insert "and not exempt from income tax by virtue of any of sections 737 to 742A of that Act".

(2) In Chapter 2 of Part 13 of ITA 2007 (transfer of assets abroad), in section 733 (benefits charge: amount of deemed income), in subsection (2B)—

(a) in paragraph (a), for "732(2)" substitute "721, 728 or 732";

(b) in the words after paragraph (b), omit "under section 731".

(3) In section 87HA of TCGA 1992 (onward gifts from non-residents or qualifying new residents), in subsections (2) and (3), omit "capital".

(4) In FA 2025, in Schedule 12 (trust protections), in Part 4 (commencement and transitional provision), after paragraph 70 insert—

"Settlements: transitional protection where available protected income is increased by this Schedule

70A(1) This paragraph applies for the purposes of section 643A of ITTOIA 2005 if an individual's untaxed benefits total in relation to a settlement for the tax year 2024-25 exceeded the available protected income up to the end of that tax year.

(2) In determining under section 643B of that Act the individual's untaxed benefits total for the tax year 2025-26 or a later tax year, any benefit provided to the individual in the tax year 2024-25 or an earlier tax year is to be disregarded at Step 1 in subsection (1).

(3) In this paragraph "untaxed benefits total" and "available protected income", in relation to an individual, a settlement and a tax year, are to be construed in accordance with sections 643B and 643C of ITTOIA 2005 (as they have or had effect for the tax year in question)."

(5) The amendments made by subsection (1) come into force on 6 April 2026.

(6) The amendments made by subsections (2) to (4) are treated as having come into force on 6 April 2025.

SCHEDULE 1

Section 1

NON-RESIDENT, AND PREVIOUSLY NON-DOMICILED INDIVIDUALS

PART 1

RELIEF FOR NEW RESIDENTS ON FOREIGN INCOME AND GAINS

Reliefs only deductible against income or gains to which they relate

1 (1) In section 845A of ITTOIA 2005 (claim for relief for qualifying new residents: qualifying foreign income), after subsection (3) insert—

"(3A) But a deduction for that purpose is to be made only from qualifying foreign income."

(2) In section 41P of ITEPA 2003 (claim for relief for qualifying new residents: qualifying foreign employment income), after subsection (4) insert—

"(4A) But a deduction for that purpose is to be made only from qualifying foreign employment income."

(3) In section 25 of ITA 2007 (reliefs and allowances deductible at Steps 2 and 3: supplementary), in subsection (3), at the appropriate places insert—

"section 41P of ITEPA 2003 (qualifying foreign employment income)";

"section 845A of ITTOIA 2005 (qualifying foreign income)".

(4) In Schedule D1 to TCGA 1992, in paragraph 2(2) (relief for qualifying foreign gains)—

(a) for "chargeable" substitute "qualifying foreign", and

(b) after "individual" insert "in that tax year".

(5) The amendments made by this paragraph have effect for the tax year 2025-26 and subsequent tax years.

QAHCs

2 (1) In the table in section 845H of ITTOIA 2005—

(a) in item 23—

(i) for "paragraph 46" substitute "paragraph 46(4) to (6)",

(ii) after "arising" insert "to an individual who provided investment management services in connection with investment arrangements to which a QAHC is party", and

(iii) for "a QAHC (within the meaning of that Schedule)" substitute "the QAHC as a result of an interest the individual acquired during the course of the provision of those services", and

(b) after the row containing item 23 insert—

"	"QAHC" and "investment management services" have the meanings they have in that Schedule."

(2) In Schedule D1 to TCGA 1992, in paragraph 6—

(a) in the definition of "qualifying QAHC gain"—

(i) after "accruing" insert "to an individual who provided investment management services in connection with investment arrangements to which a QAHC is party", and

(ii) for the words from "a QAHC" to the end substitute "the QAHC that were acquired during the course of the provision of those services", and

(b) at the end insert—

""QAHC" and "investment management services" have the meanings they have in that Schedule."

(3) In paragraph 46 of Schedule 2 to FA 2022 (qualifying asset holding companies), in sub-paragraph (6A) for "item 22" substitute "item 23".

(4) This paragraph has effect in relation to income arising and gains accruing on or after the day on which this Act is passed.

Children under 10

3 In section 845B of ITTOIA 2005 (meaning of "qualifying new resident"), in subsection (1)—

(a) omit the "and" after paragraph (b), and

(b) after paragraph (c) insert ", and

(d) the individual is at least 10 years old at the commencement of that tax year."

Residence of personal representatives

4 (1) In section 62 of TCGA 1992 (death: general provisions), in subsection (3) (residence of personal representatives), omit "or a long-term UK resident within the meaning of IHTA 1984".

(2) The amendment made by this paragraph is to be treated as having come into force on 6 April 2025 and has effect where the deceased person died on or after that date.

Foreign gains treated as accruing when remitted to UK

5 (1) In paragraph 2 of Schedule 9 to FA 2025 (amendments of TCGA 1992 connected with end of remittance basis), in sub-paragraph (7)(b), after ""applies"" insert ", in the second place it occurs,".

(2) Paragraph 2 of Schedule 9 to FA 2025 has effect, and is to be treated as always having had effect, with the amendment made by this paragraph (and the amendment made by that paragraph has effect accordingly).

Capital gains tax: amendments connected with end of remittance basis

6 (1) In section 8C of TMA 1970 (returns so far as relating to capital gains tax)—

(a) in subsection (1), in paragraph (a), the words from "does not" to the end become sub-paragraph (i) of that paragraph,

(b) after that sub-paragraph insert "or

(ii) where the person is not entitled to the annual exempt amount for the tax year, is nil,",

(c) omit subsection (1)(c) (but not the "and" following it),

(d) in subsection (2), for "to (c)" substitute "and (b)", and

(e) omit subsection (4).

(2) In section 1K of TCGA 1992 (annual exempt amount), omit subsection (6)(a).

(3) The amendments made by this paragraph have effect for the tax year 2025-26 and subsequent tax years.

Definitions

7 (1) In section 989 of ITA 2007, at the appropriate place insert—

""foreign gain claim" means a claim under paragraph 1 of Schedule D1 to TCGA 1992,".

(2) In Schedule 4 to ITA 2007, at the appropriate places insert—

"foreign employment election	section 989 (and see section 41M of ITEPA 2003)";
"foreign gain claim	section 989 (and see paragraph 1 of Schedule D1 to TCGA 1992)";
"foreign income claim	section 989 (and see section 845A of ITTOIA 2005)";
"qualifying new resident	section 989 (and see section 845B of ITTOIA 2005)".

(3) In Part 2 of Schedule 4 to ITTOIA 2005, at the appropriate places insert—

"foreign employment election	section 989 of ITA 2007 (and see section 41M of ITEPA 2003)";
"foreign gain claim	section 989 of ITA 2007 (and see paragraph 1 of Schedule D1 to TCGA 1992)";
"foreign income claim	section 989 of ITA 2007 (and see section 845A of this Act)";
"qualifying new resident	section 989 of ITA 2007 (and see section 845B of this Act)".

(4) In Part 2 of Schedule 1 to ITEPA 2003, at the appropriate places insert—

"foreign employment election	section 989 of ITA 2007 (and see section 41M of this Act)";
"qualifying new resident	section 989 of ITA 2007 (and see section 845B of ITTOIA 2005)".

PART 2

TEMPORARY REPATRIATION FACILITY

Introduction

8 Schedule 10 to FA 2025 (temporary repatriation facility) is amended as follows.

Designations of offshore income gains matching with section 1(3) amounts etc

9 (1) Omit paragraph 4.

(2) After paragraph 7 insert—

"Offshore income gains

7A (1) This paragraph applies where an offshore income gain arises to an individual in any of the tax years 2025-26, 2026-27 or 2027-28 as a result of—

(a) the making of a capital payment from the trustees of a settlement for which the individual is a beneficiary, and

(b) the application of regulation 20 of the Offshore Funds (Tax) Regulations 2009.

(2) So much of the OIG capital payment amount as would, applying paragraphs 3 and 5 in accordance with sub-paragraph (4), be an amount of qualifying overseas capital is to be treated as an amount of qualifying overseas capital of the individual.

(3) In this paragraph "OIG capital payment amount" means so much of a capital payment as gives rise to an offshore income gain.

(4) Those paragraphs are to be applied in relation to the OIG capital payment amount—

(a) as if—

(i) for sub-paragraph (1)(a) (in each paragraph) there were substituted—

"(a) an offshore income gain is treated as arising to the individual in that tax year as a result of an OIG capital payment amount, and",

(ii) the reference in sub-paragraph (2) (in each paragraph) to "the payment" were to the OIG capital payment amount,

(iii) sub-paragraph (3)(b)(ii) (in each paragraph) were omitted,

(iv) the references in each paragraph, and in section 87A as applied by those paragraphs, to "capital payments" were to OIG capital payment amounts, and

(v) sub-paragraphs (5) to (7) (in each paragraph) were omitted, and

(b) after applying those paragraphs for the purposes of determining whether—

(i) any amount is qualifying overseas capital, and

(ii) any amount is to be treated as qualifying overseas capital as a result of paragraph 7.

(5) The amount may only be designated in a return for the tax year in which the offshore income gain arose to the individual.

(6) Sub-paragraph (7) applies where an amount treated as qualifying overseas capital as a result of sub-paragraph (2) is designated.

(7) For the purposes of any subsequent application of section 87A of TCGA 1992 (whether under this Schedule or otherwise), any section 1(3) or section 1(3) amount in the Schedule 4C pool that is matched with the OIG capital payment amount (when applying paragraphs 3 and 5 to it in accordance with sub-paragraph (4)) is to be taken to be reduced by so much of it as was matched."

(3) In paragraph 10, for sub-paragraphs (7) and (8) substitute—

"(7) No liability to income tax arises on an offshore income gain to the same extent to which the capital payment to which it relates—

(a) is treated as qualifying overseas capital under paragraph 7A, and

(b) is designated under that paragraph."

(4) After paragraph 11 insert—

"OIG capital payment amount: application of transfer of assets abroad rules in future years

11A(1) This paragraph applies where any amount of an OIG capital payment amount treated as qualifying overseas capital is designated by an individual.

(2) The amount of the offshore income gain to which it relates, and to which no liability to income tax arises as a result of paragraph 10(7), is to be treated, for the purposes of any tax year after the tax year in which it arose as relevant income of an earlier tax year in relation to the individual for the purposes of Step 4 in section 733(1) of ITA 2007 (income charged under section 731).

(3) The amount is not to be deducted from total relevant income under paragraph (b) of Step 5 in section 733(1) of that Act."

(5) In paragraph 7—

(a) after sub-paragraph (1) insert—

"(1A) For the purposes of applying those paragraphs for the purposes of sub-paragraph (1)(c)—

(a) those paragraphs have effect as if—

(i) for sub-paragraph (1)(a) (in each paragraph) there were substituted—

"(a) an individual is treated as having an amount of income for any of the tax years 2025-26, 2026-27 or 2027-28 as a result of section 732 of ITA 2007 (individuals receiving a benefit as a result of relevant transactions),",

(ii) the reference in sub-paragraph (2) (in each paragraph) to "the payment" were to the benefit by reference to which the income is treated as arising,

(iii) sub-paragraph (3)(b)(ii) (in each paragraph) were omitted, and

(iv) the references in each paragraph, and in section 87A as applied by those paragraphs,

to "capital payments" were to benefits falling within sub-paragraph (1)(c) of this paragraph, and

(b) those paragraphs are to be applied after they have been applied for the purposes of determining whether any amount of a capital payment is qualifying overseas capital (but before any application of those paragraphs for the purposes of 7A).", and

(b) in sub-paragraph (2), after "amount", in the first place it occurs, insert "of income".

(6) In paragraph 3(7), for "paragraphs 4 and 5" substitute "paragraph 5".

(7) In paragraph 3(9), for "paragraphs 4 and 5" substitute "paragraph 5".

(8) In paragraph 5(7), for "paragraphs 3 and 4" substitute "paragraph 3".

Value of amounts of qualifying overseas capital

10 In paragraph 8 (designation of qualifying overseas capital), after sub-paragraph (2) insert—

"(2A) For the purposes of designating an amount of qualifying overseas capital of an individual that—

(a) is qualifying overseas capital as a result of paragraph 2(2) or (5), or

(b) is treated as qualifying overseas capital as a result of paragraph 6(1)(b),

the value of that amount is the value of the amount when it first arose to the individual."

Designation where tax paid from other sources

11 In paragraph 8, after sub-paragraph (4) insert—

"(4A) But where—

(a) an amount of relevant foreign tax has been paid, or will be paid, in respect of an amount of qualifying overseas capital ("the related qualifying overseas capital"), and

(b) it has been, or will be, paid out of funds other than the related qualifying overseas capital,

sub-paragraph (3) does not apply to the related qualifying overseas capital to the extent that the tax has been, or will be, paid out of those funds."

Income tax or capital gains tax reduction where TRF charge paid on same amount

12 In paragraph 8, after sub-paragraph (6) insert—

"(6A) Sub-paragraph (6B) applies where—

(a) an amount ("the TRF amount") is treated as designated qualifying overseas capital of an individual as a result of sub-paragraph (6),

(b) on or after 6 April 2025, an officer of Revenue and Customs, in relation to the tax year 2024-25 or an earlier tax year—

(i) amends the individual's self-assessment while an enquiry under section 9A of TMA 1970 (enquiry into return) into the individual's return for that tax year is in progress,

(ii) issues a partial or final closure notice under section 28A of that Act (completion of enquiry) in relation to that return, or

(iii) makes an assessment under section 29 of that Act, and

(c) the effect of the officer taking that step is that income tax or capital gains tax is charged in respect of the TRF amount.

(6B) The amount of income tax or capital gains tax due and payable under section 59B of TMA 1970 in respect of the TRF amount is to be treated as reduced (but not below nil) by the amount of the TRF charge paid in respect of the TRF amount.

(6C) Where sub-paragraph (6B) applies, the individual may not amend the return in which the designation election relating to the TRF amount was included to alter or revoke that election (if the return otherwise could have been amended) so as to cause the TRF amount not to be designated."

Capital payment derived from foreign income or gains

13 (1) In paragraph 10—

(a) in sub-paragraph (1) (income tax exemptions and relief)—

(i) the words from "the" to the end become paragraph (a),

(ii) in that paragraph, after "capital" insert "that is designated on the basis that it is qualifying overseas capital as a result of a remittance provision", and

(iii) after that paragraph insert ", or

(b) an amount of income treated as qualifying overseas capital under paragraph 6 that—

(i) falls within sub-paragraph (1)(b) of that paragraph, and

(ii) is designated on the basis that it is qualifying overseas capital as a result of a remittance provision.", and

(b) in sub-paragraph (2), after "paragraph 6" insert ", and that falls within sub-paragraph (1)(a) or (c) of that paragraph,".

(2) In paragraph 12(1) (capital gains tax: main exemption), after "capital" insert "that is designated on the basis that it is qualifying overseas capital as a result of a remittance provision (other than paragraph 6(1)(b))".

(3) In paragraph 8 –

(a) in sub-paragraph (2) –

(i) omit the "and" after paragraph (a), and

(ii) after that paragraph insert –

"(aa) for each amount designated, whether or not it is designated on the basis it is qualifying overseas capital as a result of a remittance provision, and"

(iii) in paragraph (b), after "designated" insert "on that basis",

(b) after sub-paragraph (2A) (as inserted by paragraph 10) insert –

"(2B) In this Part and in Part 2 "remittance provision" means paragraph 2(2) or (5) or paragraph 6(1)(b).

(2C) Where –

(a) an amount is designated on the basis it is qualifying overseas capital as a result of a remittance provision, and

(b) the amount would (ignoring this sub-paragraph) also be regarded as designated under paragraph 3 or 5 (matched capital payments) or paragraph 7A (capital payments giving rise to offshore income gains),

it is not to be regarded as designated under that paragraph for the purposes of paragraph 10(7) (relief for offshore income gains) or paragraph 13 (relief for matched capital payments) as a result of that designation on that basis.

(2D) Accordingly two designations of the amount are required to secure the benefit of all of the reliefs that may be available under paragraphs 10(1), 10(7),12(1) and 13 –

(a) one designation of the amount on the basis it is qualifying overseas capital as a result of a remittance provision, and

(b) another not on that basis.", and

(c) after sub-paragraph (5) insert –

"(5A) Where the individual considers that an amount designated under sub-paragraph (5) could, if it were qualifying overseas capital, be designated on the basis that it is qualifying overseas capital as a result of a remittance provision, the individual may designate it on that basis."

Amounts derived from designated qualifying overseas capital

14 After paragraph 13 insert—

"Amounts derived from designated qualifying overseas capital

13A(1) This paragraph applies to an amount ("amount A") if—

(a) either—

(i) the remittance of the amount to the United Kingdom would have the effect mentioned in paragraph 2(3)(a) or (b) by reference to income or gains, or

(ii) the remittance of the amount would result in income being treated as arising to a settlement in accordance with section 648(3) (and accordingly would result in an amount falling within paragraph 6(1)(b) arising), and

(b) the remittance of an amount ("amount B") of designated qualifying overseas capital to the United Kingdom would have one of the effects mentioned in paragraph (a)(i) or (ii) by reference to that same income or those same gains ("the reference income or gains") if it had not been designated.

(2) Where amount A falls within sub-paragraph (1)(a)(i), so much of amount A (so far as it relates to the reference income or gains) as does not exceed amount B (so far as it relates to the reference income or gains) is to be treated—

(a) as designated qualifying overseas capital, and

(b) as designated on the basis it is qualifying overseas capital as a result of a remittance provision

(3) Where amount A falls within sub-paragraph (1)(a)(ii), so much of the amount falling within paragraph 6(1)(b) as would result from the remittance of amount A as does not exceed amount B (so far as it relates to the reference income or gains) is to be treated—

(a) as designated qualifying overseas capital, and

(b) as designated on the basis it is qualifying overseas capital as a result of a remittance provision"

Effect on section 65(5)(b) IHTA charge etc

15 After paragraph 13A (as inserted by paragraph 14 of this Schedule) insert –

"Effect of this Schedule on section 65(5) IHTA 1984 and section 260(2) of TCGA 1992

13B (1) The effects of Parts 1 and 2 of this Schedule are to be ignored for the purposes of section 65(5)(b) of IHTA 1984 (and accordingly will not prevent any amount being regarded as income of a person for the purposes of income tax for the purposes of that section).

(2) Where –

(a) the trustees of a settlement make a capital payment to an individual,

(b) the making of that payment results in the individual having qualifying overseas capital,

(c) that qualifying overseas capital is designated,

so much of the deemed disposal under section 71 of TCGA 1992 arising on the making of the payment as reflects the designated qualifying overseas capital is (despite sub-paragraph (1)) treated as a chargeable transfer within the meaning of IHTA 1984 for the purposes only of section 260(2)(a) of TCGA 1992 (gifts on which inheritance tax is chargeable etc)."

Amendment of returns

16 In paragraph 9 (payment of the TRF charge through the income tax system), after sub-paragraph (7) insert –

"(8) Paragraph 8(6) is not to be taken as preventing the amendment of a return so as to alter or revoke a designation of qualifying overseas capital made in that return, provided that amendment is made in accordance with section 9ZA of TMA 1970 (taxpayer permitted to amend return within 12 months of filing date)."

Transfers from mixed funds

17 In section 809Q of ITA 2007, in subsection (9) –

(a) omit paragraph (a), and

(b) in paragraph (b) –

(i) for "that Part of that Schedule" substitute "Part 1 of Schedule 10 to FA 2025", and

(ii) after "8(7)" insert "of that Schedule".

Commencement of this Part

18 (1) Schedule 10 to FA 2025 has effect, and is to be deemed always to have had effect, with the amendments made by paragraphs 9 to 16 of this Schedule.

(2) Subsection (9) of section 809Q of ITA 2007 has effect, and is to be deemed always to have had effect, with the amendments made by paragraph 17 of this Schedule.

PART 3

TEMPORARY NON-RESIDENCE

19 (1) Section 401C of ITTOIA 2005 is amended as follows.

(2) After subsection (6) insert—

"(6A) Where—

(a) a company ("company A") makes a payment (including by way of a loan) to the individual in the temporary period of non-residence,

(b) the individual is, at a relevant time, a material participator in, or is an associate of a material participator in, another company that is a close company ("company B"),

(c) at the time the payment is made, company B controls (within the meaning of sections 450 and 451 of CTA 2010) company A, and

(d) it is reasonable to suppose that the making of that payment is intended to avoid an amount being received by the individual by way of relevant distribution made, or treated as made, by company B,

company A is to be treated as making a relevant distribution of that amount to the individual in that period.

(6B) Where—

(a) a company makes a payment (including by way of a loan) to any person other than the individual at any time in the temporary period of non-residence,

(b) if the company had made a dividend to the individual at that time, it would have been a relevant distribution, and

(c) the individual receives an amount or a benefit ("the relevant receipt") as a result of arrangements that it is reasonable to suppose are intended to secure that—

(i) the individual receives the benefit of the payment or any part of it, but

(ii) without a relevant distribution having been made, or treated as made, to the individual in that period,

the company is to be treated as making a relevant distribution to the individual in that period in the amount of the value of the relevant receipt.

(6C) For the purposes of subsection (6B)(c) "arrangements" include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable)."

(3) After subsection (6C) (as inserted by sub-paragraph (2)) insert—

"(6D) Where tax of a similar character to income tax is payable by the individual under the law of a territory outside the United Kingdom on a relevant distribution—

(a) credit for any such tax paid by the individual is to be allowed against income tax chargeable in respect of the relevant distribution, and

(b) the credit is to be given effect by treating the amount of the relevant distribution as reduced to such amount as would secure that so much of the credit is given as does not exceed the income tax chargeable in respect of the relevant distribution."

(4) Omit subsections (7) to (9).

(5) In subsection (12) omit the definition of "trade profits of the close company".

20 (1) Section 408A of ITTOIA 2005 is amended as follows.

(2) In subsection (4), omit paragraphs (a) to (c).

(3) After that subsection insert—

"(4A) Where—

(a) a company ("company A") makes a payment (including by way of a loan) to the individual in the temporary period of non-residence,

(b) the individual is, at a relevant time, a material participator in, or an associate of a material participator in, another company ("company B") that would be a close company if it were UK resident,

(c) at the time the payment was made, company B controls (within the meaning of sections 450 and 451 of CTA 2010) company A, and

(d) it is reasonable to suppose that the making of that payment is intended to avoid—

(i) an amount being received by the individual by way of dividend that falls within subsection (3)(c), or

(ii) the individual becoming entitled to such a dividend,

the individual is to be treated as having received, at that time, a dividend in that amount that falls within subsection (3)(b) and (c).

(4B) Where—

(a) a company makes a payment (including by way of a loan) to any person other than the individual in the temporary period of non-residence,

(b) if the company had made a dividend to the individual at that time, it would have been a dividend within subsection (3), and

(c) the individual receives an amount or a benefit ("the relevant reciept") as a result of arrangements that it is reasonable to suppose are intended to secure that—

(i) the individual receives the benefit of the payment or any part of it, but

(ii) without the individual receiving, or becoming entitled to, a dividend that falls within subsection (3)(c),

the individual is to be treated as having received, in that period, a dividend in the amount of the value of the relevant benefit, that falls within subsection (3)(b) and (c).

(4C) For the purposes of subsection (4B)(c) "arrangements" include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable)."

(4) After subsection (4C) (as inserted by sub-paragraph (3)) insert—

"(4D) Where tax of a similar character to income tax is payable by the individual under the law of a territory outside the United Kingdom on a dividend within subsection (3)—

(a) credit for any such tax paid by the individual is to be allowed against income tax chargeable in respect of the dividend, and

(b) the credit is to be given effect by treating the amount of the dividend as reduced to such amount as would secure that so much of the credit is given as does not exceed the income tax chargeable in respect of the dividend."

(5) Omit subsections (5) to (8).

(6) For subsection (10) substitute—

"(10) In this section—

(a) "associate" and "participator" have the same meanings as in Part 10 of CTA 2010 (see sections 448 and 454),

(b) a "material participator" is a participator who has a material interest in the company, as defined in section 457 of that Act,

(c) "relevant time" means—

(i) any time in the year of departure or, if the year of departure is a split year as respects the individual, the UK part of that year, or

(ii) any time in one or more of the 3 tax years preceding that year."

21 (1) Section 413A of ITTOIA 2005 is amended as follows.

(2) After subsection (6) insert—

"(6A) Where—

(a) a company ("company A") makes a payment (including by way of a loan) to the individual in the temporary period of non-residence,

(b) the individual is, at a relevant time, a material participator in, or is an associate of a material participator in, another company that is a close company ("company B"),

(c) at the time the payment was made, company B controls (within the meaning of sections 450 and 451 of CTA 2010) company A, and

(d) it is reasonable to suppose that the making of that payment is intended to avoid an amount of relevant stock dividend income being treated under this Chapter as arising to the individual in that period,

relevant stock dividend income in that amount is treated as arising to the individual in that period.

(6B) Where—

(a) a company makes a payment (including by way of a loan) to any person other than the individual at any time in the temporary period of non-residence,

(b) if the company had issued share capital in lieu of a cash dividend shares at that time that the individual is beneficially entitled to, relevant stock dividend income would have been treated under this Chapter as arising to the individual in that period, and

(c) the individual receives an amount or a benefit ("the relevant receipt") as a result of arrangements that it is reasonable to suppose are intended to secure that—

(i) the individual receives the benefit of the payment or any part of it, but

(ii) without relevant stock dividend income in that amount being treated under this Chapter as arising to the individual in that period,

relevant stock dividend income in amount of the value of the relevant receipt is treated as arising to the individual in that period.

(6C) For the purposes of subsection (6B)(c) "arrangements" include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable)."

(3) After subsection (6C) (as inserted by sub-paragraph (2)) insert—

"(6D) Where tax of a similar character to income tax is payable by the individual under the law of a territory outside the United Kingdom on relevant stock dividend income—

(a) credit for any such tax paid by the individual is to be allowed against income tax chargeable in respect of the relevant stock dividend income, and

(b) the credit is to be given effect by treating the amount of the relevant stock dividend income as reduced to such amount as would secure that so much of the credit is given as does not exceed the income tax chargeable in respect of the relevant stock dividend income."

(4) Omit subsections (7) to (9).

(5) In subsection (11) omit the definition of "trade profits of the close company".

22 (1) Section 812A of ITA 2007 is amended as follows.

(2) After subsection (4) insert—

"(4A) Where—

(a) a company ("company A") makes a payment (including by way of a loan) to the individual in the non-resident year,

(b) the individual is, at a relevant time, a material participator in, or is an associate of a material participator in, another company that is a close company ("company B"),

(c) at the time the payment was made, company B controls (within the meaning of sections 450 and 451 of CTA 2010) company A, and

(d) it is reasonable to suppose that the making of that payment is intended to avoid the amount of the payment being included in the individual's income for the non-resident year as relevant investment income,

the amount of the payment is to be treated as relevant investment income of the individual for the non-resident year.

(4B) Where—

(a) a company makes a payment (including by way of a loan) to any person other than the individual at any time in the non-resident year,

(b) if the company had made a dividend to individual at that time, it would be relevant investment income of the individual, and

(c) the individual receives an amount or a benefit ("the relevant receipt") as a result of arrangements that it is reasonable to suppose are intended to secure that—

(i) the individual receives the benefit of the payment or any part of it, but

(ii) without the amount being included in the individual's income for the non-resident year as relevant investment income,

the amount of the value of the relevant receipt is to be treated as relevant investment income of the individual for the non-resident year.

(4C) For the purposes of subsection (4B)(c) "arrangements" include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable)."

(3) After subsection (4C) (as inserted by sub-paragraph (2)) insert—

"(4D) Where tax of a similar character to income tax is payable by the individual under the law of a territory outside the United Kingdom on relevant investment income—

(a) credit for any such tax paid by the individual is to be allowed against income tax chargeable in respect of the relevant investment income, and

(b) the credit is to be given effect by treating the amount of the relevant investment income as reduced to such amount as would secure that so much of the credit is given as does not exceed the income tax chargeable in respect of the relevant investment income."

(4) Omit subsections (5) and (6).

(5) In subsection (8), omit paragraph (a).

(6) In subsection (11) omit the definition of "trade profits of the close company".

23 (1) The amendments made by paragraphs 19(2), 20(2), (3) and (6), 21(2) and 22(2) have effect for the tax year 2026-27 and subsequent tax years in relation to payments made by companies, whenever made.

(2) The amendments made by paragraphs 19(3) to (5), 20(4) to (5), 21(3) to (5) and 22(3) to (6) have effect for the tax year 2026-27 and subsequent tax years in relation to—

(a) dividends, or other distributions, whenever made,

(b) relevant stock dividend income, whenever it is treated has having arose, and

(c) relevant investment income, whenever it arose.