



NON-RESIDENCE PLANNING & ESTATE PLANNING - UPDATE

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15 May 2025

CURRENT ISSUES



- Non-resident planning – where to now?
- Ex-pats returning to Ireland
- Non-doms relocating to Ireland

NON-RESIDENT PLANNING – WHERE TO NOW?

- Portugal NHR 2.0.
- Targets high value skilled professionals and investors
- Benefits similar but pensions fully taxed





ITALY?

- Flat tax regime EUR200k per annum
- Flat rate tax of 7% - only southern regions and islands



THE UK?

- Significant changes from 6 April 2025
- End of non-domicile regime
- Start of foreign income and gains
- UK – potential location for residence planning

WHAT THE FIG?

- Foreign income and gains (FIG) regime
- From 6 April 2025 onwards
- Most non-UK income and gains not taxable in UK even if remitted to UK
- 10 years of non-UK residence
- Includes dividends from an Irish company
- Available for first 4 years of tax residence in the UK



UK FIG

- Tax residence in UK
- Based on days in UK and connections to UK
- 183 days in tax year (5 April)
- Claim the FIG on UK tax return

UK RESIDENCE AND IRISH DIVIDENDS

Short-term plan – years 1 to 3

- Take up residence in UK
- Still ordinarily resident in Ireland
- Must have no permanent home in Ireland to avail of DTA
- No tax in UK
- DWT at 25%. Refund claim to reduce to 15%

UK FIG AND IRISH DIVIDENDS

Long-term plan

- Year 4 – non-resident and not ordinarily resident in Ireland
- No DWT on dividend
- No UK tax on dividend
- Can have a home in Ireland



UK FIG - TIMING

- Cease Irish residence in 2026
- 2029 – not resident and not ordinarily resident
- UK residence starts 2026/27
- FIG available up to 2029/30
- Period 1 January 2029 to 5 April 2030 – **Irish dividends no tax**



UK FIG AND PENSIONS



- Non-UK pension income not taxable under the FIG
- Consider transfer of Irish pension to Maltese pension scheme

CAPITAL GAINS - PITFALLS



- Gain on sale of shares in Irish company
- No UK tax under the FIG
- But Irish tax charge?
- Yes, if still ordinarily resident (years 1 to 3) as no DTA protection
- If return to Ireland within 6 years – CGT charge

ESTATE TAXES - UK

- UK IHT no longer based on domicile
- Now based on long term tax residence > 10 years
- Availing of FIG – UK IHT only UK assets

ESTATE TAX PLANNING – UK

- Cease residence and ordinary residence (NR and NOR)
- Lifetime gifts of non-Irish assets
- No UK IHT
- No CAT if beneficiaries NR & NOR



UK IHT CHANGES

- Long term Irish resident but UK domiciled = **winners!**
- Pre 6 April 2025
UK IHT 40% - worldwide assets
Irish CAT 33% - worldwide assets
- Double tax relief?
- 6 April 2025 onwards UK IHT only on UK assets

IRISH RESIDENT & UK DOMICILES

- Overall estate tax rate reduced from 40% to 33%
- Break Irish residence for 1 year
- 5-year window for gifting of non-Irish assets with no CAT or IHT
- Go to the UK – avail of FIG

IRELAND AS A TAX LOCATION

- Relocating non-Irish domiciled persons
- Returning ex-pats



RELOCATING NON-DOMICILES

- Timing of becoming Irish resident
- “Window” of non-residence in Ireland and UK
- Realise income and gains pre-residence in Ireland
- Rebase purchase cost of assets standing at gains

“WINDOW OF NON-RESIDENCE”- EXAMPLE

- Leaves UK 31 August 2025
- Split year in UK – non-UK resident from 1 September
- Arrives in Ireland 31 August 2025
- Period 1 September to 31 December non-resident in UK and Ireland



WINDOW OF NON-RESIDENCE

- Realise gains on investments
- Dividend income from investments
- Lump sum from foreign pensions
- Rebase assets standing at a gain



REVIEW OF ASSETS PRE-ARRIVAL

- EU/DTA regulated fund investments –gains no remittance basis
- ISAs, US IRAs

ESTATE TAXES – NON-IRISH DOMICILES



- Considered not resident for CAT until 5 years of residence
- 5-year window for CAT planning
- Non-Irish assets potentially outside the scope of CAT
- Watch IHT tail – lasts 3 to 10 years



2025 – WHAT IS KTA SEEING?

- Wealth has grown enormously
- For most families CAT will be their biggest tax bill
- Tax rate today is 33% and thresholds - future?



LET GROWTH HAPPEN IN OWNERSHIP OF NEXT GENERATION



FOCUS FOR TODAY

- Disclaimers
- Trusts
- Foreign aspect
- CGT/CAT offset



WHAT IS A DISCLAIMER?

CAT – section 12 CATCA 2003



“Any liability to tax in respect of such benefit shall cease as if such benefit had not existed”

- **Problem** - the beneficiary cannot direct a disclaimed benefit

DISCLAIMERS FOR CONSIDERATION

- Family of 2 inherit family home and other assets – EUR12m+
- Family home value EUR5m – large CAT bill
- Will states that estate to be split in equal shares
- Other Irish and foreign properties
- 1 child lives in the family home – dwelling house exemption not available



FAMILY INHERITS FAMILY HOME: DWELLING HOUSE EXEMPTION

- Estate disclaimed by 2 children under the will, passes under rules of intestacy
- The estate come back to the children again
- 1 child “*disclaims for consideration*” = the family home and sum of cash
- 2nd child receives the balance of the estate
- Family home exemption now available: Tax saving = EUR1.65m

SPECIFIC DISCLAIMER CLAUSE

- Disponer puts clause in Will
- Share/entitlement disclaimed is directed per the Will to pass to a Trust
- Leaves options open for beneficiaries
- Can work in various ways

WILL TRUST



LIFE INTEREST TRUST – FAMILY HOME EUR4M

Dad Widower, Joe (70)



Loan



Rachel

Joe retains life interest
41.73% - EUR1,669,200

58.27% - EUR2,330,800

Life interest trust

Rachel purchases
remainder interest

- Joe retains right to live in his home
- Valued as per the Revenue CAT tables

Property

REMAINDER INTEREST: EXAMPLE CONT...

- If no funds change hands, amount remains outstanding as a loan (reporting)
- When Joe dies, the property does not belong to estate
- Any loans forgiven at this point will be liable to inheritance tax

Inheritance tax on EUR2,330,800 – instead of EUR4m

- *No CGT*
- *Stamp duty payable*
- *Compliance requirements*

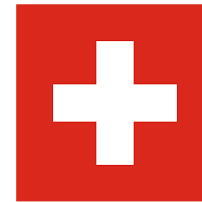


Foreign Inherited Property



FOREIGN INHERITANCES

- Use of trusts - Common law versus Civil Law
- We have used it for Switzerland, Italy and UK
- Non domicile spouse angle?



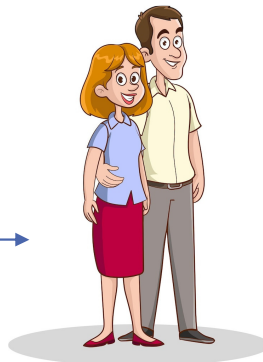
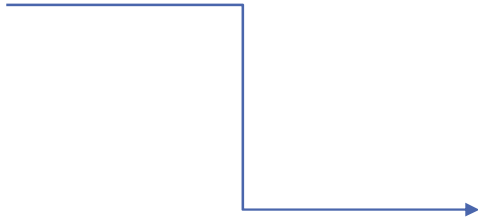
CROSS BORDER ESTATE - EXAMPLE



Robert - father

Swiss resident, Irish domiciled

Robert wishes to gift assets to his son Ben



Ben – Irish resident and domiciled

Maria - Irish resident, non-Irish domiciled

Ben and his family intend to non-resident in the future

FOREIGN INHERITANCE IN TRUST?



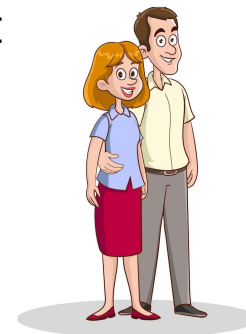
Robert directs foreign inheritance to trust

Discretionary trust works to defer Irish inheritance tax

Park foreign inheritance in Trust

When to take distribution?

when Ben is outside of the Irish CAT net



SWISS POSITION?

- Ben is one of the trustees
- Ben and children are beneficiaries
- Swiss Revenue advance ruling being obtained
- Any appointment of assets from the trust to Ben is a gift from father to son, so no Swiss tax



BEN HAPPY CLIENT?

- No CAT
- No DTT
- No Swiss inheritance tax



CGT/CAT OFFSET

- Parents pay CGT
- Children have CAT
- Credit for CGT against CAT
- Hold for 2 years
- FET and UK IHT considerations



CGT/CAT OFFSET: EXAMPLE

- Sale of US shares worth EUR5m
- Original cost EUR1m
- CGT on sale will be EUR1.32m
- Net proceeds are EUR3.68m
- Gift proceeds to children – tax of EUR818k
- Net value passing to child **EUR2.86m**

CGT/CAT OFFSET EXAMPLE CONT'D

- Gift of shares and children sells 2 years later (assume no growth)
- CGT is EUR1.32m
- Gift tax (less thresholds) is EUR1.254m
- Total tax paid is EUR1.32m
- Net value passing to children is **EUR3.68m**



SUMMARY

- Residence planning – just got more interesting!
- Estate planning – ask more questions to spot opportunities



THANK YOU

QUESTIONS?