

Update to res non-dom rules for US citizens

Understanding the impact of UK tax residency on US trusts

US citizens often establish trusts to avoid probate and manage their assets efficiently. However, relocating to the UK can significantly impact these structures due to changes in tax residency.

The challenge of double taxation

Before moving to the UK, a US citizen might have structured their affairs to avoid US probate by placing their assets into a trust of which they are the trustee. However, upon becoming UK tax resident, the trust also becomes UK tax resident, potentially leading to double taxation.

Protecting your wealth with careful planning

To mitigate these risks, it's crucial to seek expert advice before relocating. Appointing a non-UK resident trustee, such as Ocorian, can help manage both US and UK tax implications.

Key considerations



Initial four years

The trust generally remains outside the scope of UK tax, preserving the pre-move tax position.



Years five to ten

Both the US and UK may tax the settlor/grantor on the trust's income and gains. The double taxation treaty can often mitigate this.



After ten years

Inheritance tax implications arise, and the trust could become subject to ten-year charges and additional tax on the death of the settlor/grantor. Again, double tax treaties may offer protection

How can Ocorian help?

Our Private Client team has extensive experience navigating complex tax situations. We can help you explore personalised strategies to minimise the impact on your family's finances.



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