

## Reeves Weighs Inheritance Tax Adjustments Amid Wealth Exodus

Chancellor Rachel Reeves is reportedly considering adjustments to the UK's recently reformed non-domiciled (non-dom) tax regime, particularly in response to rising concerns about the impact of a 40% inheritance tax on global assets held by non-doms. The sweeping changes, introduced earlier in 2025, aimed to eliminate long-standing tax loopholes and abolish the traditional non-dom status that allowed wealthy individuals to avoid paying UK tax on offshore income and inheritances. However, the reform has sparked a noticeable exodus of high-net-worth individuals from the UK, prompting a reevaluation of the policy's long-term implications.

Several prominent business figures, including steel magnate Lakshmi Mittal and Egyptian billionaire Nassef Sawiris, have already relocated to jurisdictions like the United Arab Emirates, Italy, and Switzerland, countries known for their more favourable tax treatment of wealth and inheritance. These high-profile departures have fuelled concern among policymakers and economists about the potential loss of investment and tax revenue. Non-doms, while a relatively small group, have historically contributed significantly to the UK economy through spending, job creation, and property investment.

The Treasury is now said to be reviewing possible adjustments to mitigate the negative effects of the inheritance tax component of the reform. Government sources have suggested that modifications could be announced in the autumn budget, particularly targeting aspects of the policy that are perceived as most likely to deter global investors and wealthy individuals from remaining in or relocating to the UK. Among the proposals being discussed is an enhancement of the temporary repatriation facility, which would allow non-doms to bring overseas funds into the UK at a reduced tax rate for a limited time.

Despite this potential shift, Reeves is expected to maintain a careful balance between preserving the government's narrative of tax fairness and ensuring the UK remains attractive for global talent and capital. The original reforms were pitched as a step toward closing tax loopholes and funding public services more equitably. Any rollback or softening of the inheritance tax could draw criticism from political opponents and the public, who may view it as a concession to the wealthy.

As the government prepares for its next fiscal announcement, the challenge lies in crafting a tax policy that encourages economic growth and competitiveness while maintaining fairness and public trust. The debate over the future of non-dom taxation remains a key issue in the wider conversation about how the UK navigates its post-Brexit, post-pandemic economic future.