

HM TREASURY


TAXES

Budget 2024 - Overseas Workday Relief

Overseas Workday Relief (“OWR”) will be retained and reformed.

OWR is designed for UK resident individuals who perform part of their employment duties overseas. It allows these individuals to exempt a proportion of their earnings from UK tax, based on the days worked overseas. Currently, providing the salary relating to their employment duties performed overseas is paid offshore and retained offshore the earnings are treated as foreign income and are not taxed in the UK.

Under current legislation, the relief only applies to non-UK domiciled individuals and then only during the first three years of UK residence.

However, from 6 April 2025, OWR will be based on an individual's residence status (as opposed to domicile status) and will be available to individuals who would otherwise be eligible under the Foreign Income and Gains (“FIG”) regime, meaning the relief may be claimed for the first four years of UK residence (providing that, prior

to the first year of UK residence, the individual was non-UK resident for 10 consecutive years).

In addition, from April 2025, individuals eligible for OWR will no longer need to have their salary paid and retained offshore, meaning the proportion of their salary relieved from UK tax can be enjoyed in the UK.

However, the new rules will see a restriction to the level of relief afforded in a qualifying year to the lower of £300k or 30% of the employee's net employment income. Also, individuals making a claim for OWR will lose entitlement to the personal allowance and the CGT annual exempt amount for the year, as well as the ability to claim foreign losses.

Individuals who have claimed OWR prior to 6 April 2025, will remain able to make later years' claims, but unless they are not eligible under the FIG regime post April 2025, their ability to claim OWR will be limited to a maximum of three years only.



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