Leaving the UK? The hidden tax reliefs you could lose

By Sonal Shah, Partner at GERALD EDELMAN

In an age of global mobility, it has never been easier for entrepreneurs, executives, and high-net-worth families to relocate. But while lifestyle may drive the decision, the tax consequences of leaving the UK can be far more complex than many anticipate. One of the most overlooked areas is the silent erosion of valuable UK tax reliefs when residence is surrendered.

Personal allowance: Not always guaranteed

UK residents take for granted the annual £12,570 personal allowance. But non-residents only qualify in limited cases, such as UK/EEA nationals or where a double tax treaty specifically provides it. For many, the safety net vanishes overnight, leaving continuing UK income, such as rent, fully taxable from the first pound.

Private Residence Relief (PRR): The 90-day trap

PRR on the sale of a home is one of the UK's most valuable Capital Gains Tax (CGT) exemptions. Yet for non-residents, the rules tightened in 2015. To claim the relief, you must satisfy the 90-day test in each tax year. Without careful planning, a family home may suddenly face an unexpected CGT bill on sale.

Enterprise Investment Scheme (EIS): Gains crystallised

One of the reliefs the EIS scheme offers is the ability to defer gains until later years. However, leaving the UK can result in deferred gains being crystallised and brought into charge. Investors who move without planning can find themselves paying CGT on assets earlier than expected.

Business Asset Disposal Relief (BADR): The 14% rate at risk

Disposals of shares whilst non-resident are not charged to UK CGT. However should the temporary non-residence rules apply, the prized 14% CGT rate (18% from 6 April 2026) for entrepreneurs may not be available on the disposal (without a protective claim).

Gift holdover relief: The exit clawback

Holdover relief allows business assets and certain trust transfers to be passed on without an immediate CGT bill. But it is fragile. If the recipient becomes non-resident, the relief can be denied or clawed back, accelerating gains sooner than expected.

Pensions and ISAs: No new contributions

While ISAs can be retained, contributions stop the moment you leave. Similarly, pension tax reliefs are curtailed, usually ending five years after departure. For internationally mobile executives, the impact on long-term wealth planning is significant.

The wider picture: Beyond reliefs

Overlaying all of this are the temporary non-residence rules, which can drag multiple types of income and gains back into the UK tax net if you return within five full tax years and have been resident for four of the seven years prior to your initial departure. This would mean paying unforeseen tax in the year you return to the UK on dividends, pensions, loans from companies, chargeable event gains, and offshore income gains that arose when you were non-resident. Adding to the above, there are also trust exit charges and the tightening landscape around long-term residents who have been resident for at least 10 out of the preceding 20 tax years, and it becomes clear, leaving the UK is no longer a clean break from the tax system.

A decision too important for guesswork

Relocation is often framed as a lifestyle choice, but the financial consequences are far-reaching. Losing access to these reliefs can increase tax costs dramatically, sometimes at the very moment families are trying to simplify their affairs.

Leaving the UK without planning is not just a missed opportunity, it can be an expensive mistake. Those considering a move should treat tax residence as a key part of their strategy, not an afterthought. If you are considering the UK and would like expert tax advice, get in touch with one of our **International Tax Team** today.