

REDOMICILING A COMPANY INTO THE UK: GOVERNMENT CONSULTS ON THE FRAMEWORK

The Government has published details of a proposed new regime that will enable a foreign company to “transform” itself into a UK company while retaining its existing legal personality (known as redomiciliation). Introducing such a regime would make it much easier and cheaper for a company to relocate to the UK, and would put the UK on a par with some key peer countries, including EU member states, Singapore, Canada, New Zealand, Australia, Jersey and a number of US states, all of which already have versions of a redomiciliation regime (see box on page 2, “*Countries that already have a redomiciliation regime*”).

According to the Government, redomiciliation to the UK is expected to appeal particularly to intermediate holding companies in large multinational groups that want to access a particular tax or regulatory regime or to align with group strategy; and possibly also to some investment funds and captive insurers. (See further the box on page 4, “*Use-cases: why would a company want to change its domicile?*”).

Background

Where a foreign group wants to become more “UK-flavoured”, sometimes it may be sufficient to put a UK-incorporated holding company on top of the existing parent company. And if a company wants to move its tax residence to the UK it can already do so by moving its place of “central management and control” to the UK while remaining a company registered (domiciled) in a different jurisdiction.

But in other circumstances a company may want to “transform” itself into a UK company. At present, there is no mechanism to do this. Instead, usually it is necessary to incorporate a new company in the UK; transfer all the company’s assets, liabilities, contracts etc to the new UK company; and wind up the original company. If the new company intends to carry on regulated activities, it will need to obtain fresh authorisation from the FCA or other relevant regulator. Achieving all of this can be difficult and expensive.

Summary

- The Government has confirmed it intends to introduce a corporate redomiciliation regime that will enable a foreign company to “transform” itself into a UK company while retaining its existing legal personality. Having such a regime will make it much easier and cheaper for a company to relocate to the UK.
- Redomiciliation to the UK will be permitted, but not vice versa - i.e. the regime will be inwards-only.
- A company will be able to redomicile to the UK only if its current place of incorporation or registration permits this.
- A company seeking to redomicile to the UK will need to make an application to Companies House and provide similar information to that required to incorporate a UK company. Creditor protection prior to re-domiciliation will be a matter for the departing jurisdiction.
- A company seeking to redomicile to the UK will need to ensure that, from the date of redomiciliation, it has in place all the authorities, systems and controls needed for it to continue operating its business broadly in the same way as before.
- The new regime is unlikely to become operational until at least 2027 or 2028. Between now and then, further details of changes to legislation and regulatory rules will be published.

Having a redomiciliation regime would avoid all or most of these difficulties and, the Government estimates, save 50-90% of the costs. Such a regime was first proposed by the previous Government in 2021. Following a consultation on the merits of establishing a regime and how it might be designed, the Government appointed a panel of independent experts (the Panel) to consider how various components of the regime could work.

In October 2024, the Panel published a [report](#) making numerous recommendations, including which entities should be eligible to redomicile; the information they should have to provide in order to redomicile; the process for dealing with an application, and how this should interact with requirements in the departure jurisdiction; how a redomiciled company should be treated under UK company law; how UK tax, accounting and insolvency rules should apply; and how the interests of members, creditors and national security could be protected.

Countries that already have a redomiciliation regime

Countries that already have a redomiciliation regime of some kind include the US (Delaware), Canada, New Zealand, Luxembourg, Switzerland, Jersey, Guernsey, Isle of Man, Cayman Islands, Bermuda and BVI. Most of these allow both inward and outward redomiciliation. However, Australia, Singapore and Hong Kong operate an inward-only regime. Ireland has an inward-only regime for funds.

(In some countries, redomiciliation is referred to as “migration” or “continuation”. Note that in some cases redomiciliation can be achieved by “merging” a company registered in one country with a company registered in another country - for example, under the EU cross-border mergers regime. Since Brexit, the UK no longer allows this.)

A fuller list of countries with a redomiciliation regime can be found [here](#).

Consultation

The Government’s proposals are set out in a [Consultation Paper](#). An accompanying [Analytical Paper](#) looks at when a company might want to redomicile and the regimes in other countries. Except in relation to two-way redomiciliations (see below), the Government generally proposes to implement the Panel’s recommendations.

Broad principles and general approach

The following key principles will underpin the legal framework:

- Re-domiciliation to the UK should be available to a solvent body corporate that intends to carry on business after the process is completed.
- For a body corporate re-domiciling to the UK, the protection of its members, creditors and others in the existing jurisdiction should be a matter for the law in that jurisdiction.
- If the applicant meets the requirements of both the jurisdiction it is leaving and the UK regime, it should have flexibility in deciding whether to become a private or public UK company.
- The regime should ensure legal personality is continuous and preserved, requiring registration in the UK before de-registration in the departing jurisdiction.
- The applicant should be primarily responsible for liaising with Companies House and other authorities.
- A re-domiciled corporate should be treated in the same way as a company originally incorporated in the UK, except for the limited circumstances where its prior domicile needs to be taken into account.

Redomiciliations to be inward-only

Although a majority of responses to the Government’s original consultation favoured allowing outwards, as well as an inwards, redomiciliation, and the Panel also recommended this, the Government has decided not to allow outwards redomiciliation. It believes that the potential drawbacks of a two-way regime would outweigh the benefits.

As a result, if the relevant conditions are met, a foreign company will be able to redomicile to the UK, but not vice versa. Being unable to redomicile back out of the UK again in future may deter some companies from redomiciling to the UK in the first place. Putting this another way, a company is likely to consider redomiciling to the UK only if it does not anticipate wanting to redomicile back out of the UK to another country in future. This will reduce the number of potential users of the regime.

Key features of the proposed framework

In order to make the new regime work, many technical legal issues will need to be addressed: the most material of these are summarised below.

Eligibility criteria

As a starting point, a foreign entity would be eligible to redomicile if it is a body incorporated outside the UK. However, certain entities will be ineligible. In particular:

- Entities that are insolvent or in administration, in the process of being wound up or proceeding to liquidation would not be eligible. Similarly, entities involved in a compromise or arrangement with creditors or members will not be eligible pending a court decision whether to sanction the compromise or arrangement or, if later, until the compromise or arrangement has been implemented in accordance with its terms.
- Entities, or their proposed directors, persons with significant control (PSCs) or members that are subject to asset freezes or director disqualification sanctions will also be ineligible.

No minimum size criteria, economic substance test or minimum trading period will be applied. The Government does not intend to block companies from particular countries from applying to redomicile.

In practice, a foreign entity will be able to redomicile to the UK only if its current jurisdiction permits outward redomiciliation (see box on page 2, “*Countries that already have a redomiciliation regime*”).

Application process

Information: In addition to the usual information required to form a UK company, an applicant would have to provide information in relation to existing obligations and assets of which Companies House and the public should be aware.

Type of UK company: A foreign body corporate will be able to apply to become a private company limited by shares, an unlimited company or a public company, provided it meets the UK requirements for the relevant type of company.

Solvency: The directors of an applicant company will have to make a solvency statement to the effect that, broadly, they believe the company is currently able to pay its debts and that it will continue to be able to do so over the following year. (Such a solvency statement must

be made where a UK-incorporated private company seeks to reduce its share capital without court approval.)

Preparing to become a UK company

As a practical matter, a company seeking to redomicile to the UK will need to ensure that, from the date of redomiciliation, it has in place all the authorities, corporate governance structures, financial reporting systems and other systems and controls needed for it to continue operating its business broadly in the same way as before. The amount of preparation needed will therefore reflect the nature and scale of the company’s activities.

Companies House to determine whether an application should be granted

Companies House will administer the regime and decide whether to grant an application for re-domiciliation to the UK. If an application is granted, the company will need to ensure it is de-registered from its departure country either simultaneously or within a short period.

Effect of redomiciliation

Legislation will make clear the legal effect of completing a redomiciliation. This will include confirmation that the entity retains its existing legal personality and the assets, liabilities, rights and obligations that it had immediately before redomiciliation (sometimes called universal succession).

In particular, a new part may be inserted into the Companies Act 2006 to deal specifically with redomiciliation, which would make certain “global” changes to accommodate redomiciled companies.

Changes to tax and other legislation

Once the legal framework has been finalised, the Government will consider and consult where appropriate on any necessary amendments to tax legislation to accommodate the regime. Legislative changes to accounting, audit and reporting requirements will be assessed as part of the Government’s plans for modernising the UK’s corporate reporting framework (for further details of these plans see our [Horizon Scanning piece](#)).

Use-cases: why would a company want to change its domicile?

A company might want to change domicile in order to, for example:

- gain easier access to finance via capital markets, or access to investors who prefer to invest in companies from certain jurisdictions
- enhance investor confidence - for example, by redomiciling to a jurisdiction with a more stable regulatory or political environment or stronger investor protections
- simplify or align group structures to strategic aims
- align domicile with the place that has the most commercial significance or that has a strong sector presence and/or to achieve agglomeration or economies of scale
- facilitate a transaction - for example, a company may need to be domiciled in a particular jurisdiction to satisfy a condition precedent to a merger or acquisition, or to qualify for a government procurement process or subsidy
- help attract and retain employees
- align domicile with the location where a majority of management reside
- align domicile with tax residency
- benefit from cost savings - for example, by achieving regulatory consolidation or a more favourable regulatory environment.

Likely demand for redomiciliation to the UK

The Government says it expects the bulk of demand for redomiciliations to the UK to come from intermediate holding companies in large multinational groups, where redomiciliation is likely to be driven by opportunities to access a particular tax or regulatory regime or to align with group strategy as part of a wider group restructuring exercise. It also suggests that captive insurers may want to take advantage of the proportionate authorisation and regulatory regime to be introduced in the UK in 2027. Demand from trading companies is likely to be considerably smaller, due to the complexities arising from moving a company's operations from one country to another.

However, the argument that a foreign company may want to redomicile to the UK in order to take advantage of tax opportunities may be overstated. For example, the Government says investment funds may consider redomiciling to the UK in order to qualify for the Qualifying Asset Holding Company (QAHC) regime, which broadly taxes investors as if they had invested directly in the underlying assets, with the objective that the QAHC pays no more tax than is proportionate to the activities it performs. However, a company can qualify for the QAHC regime if it is UK tax resident: it does not need to be UK incorporated. Most other UK tax regimes similarly require a company to be UK tax resident, but do not require UK incorporation. Indeed the only UK tax regime that is based on UK incorporation, rather than UK residence, is stamp duty reserve tax (SDRT). If a foreign company were to redomicile to the UK, transfers of its shares would become subject to stamp duty or SDRT (subject to any available exemptions or reliefs). And access to the full benefits of the UK's extensive double tax treaty network increasingly relies on having proper UK substance, rather than just residence by virtue of incorporation.

Insolvency regime and creditor protection

As noted above, entities subject to insolvency and restructuring procedures will be ineligible for redomiciliation.

Creditor protection prior to re-domiciliation will be a matter for the departing jurisdiction. Once a company is redomiciled to the UK, it will become subject to UK restructuring and insolvency rules and processes in broadly the same way as other UK companies, including as to treatment of the company's assets, the respective powers of its directors and any insolvency practitioner, and the effect of the insolvency proceedings on contracts to which the company is a party. However, some changes may need to be made to UK rules around director misconduct, transactions entered into in a specified period before insolvency and the treatment of charges and other security granted to lenders insofar as they apply to redomiciled companies.

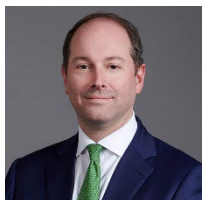
Implementation and next steps

The consultation closes on 19 June 2026. The Government says it is committed to establishing the framework as quickly as possible and that it will provide further details when it confirms how it intends to take forward the proposals being consulting on.

However, introducing the regime will require primary legislation, as well as changes to Companies House systems, and may also necessitate changes to rules made by the FCA, PRA, Takeover Panel and the Pensions Regulator. As a result, the new regime is unlikely to become operational until at least 2027 or 2028.

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