



## OPEN FOR BUSINESS: IMPLEMENTING A UK CORPORATE RE-DOMICILIATION REGIME

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ICAEW welcomes the opportunity to comment on Open for business: implementing a UK corporate re-domiciliation regime published by the Department for Business and Trade on 25 March 2026, a copy of which is available from this [link](#).

ICAEW supports the introduction of a UK corporate re-domiciliation regime and considers that it could strengthen the UK's attractiveness as a place to locate, grow and invest in business. To achieve that objective, the framework should, as far as possible, place re-domiciled companies on the same footing as comparable UK-incorporated entities. Requirements that are materially more burdensome than those applying to existing UK companies could discourage use of the regime and undermine its intended benefits.

This principle is particularly important in relation to distributable profits. Companies entering the UK regime should be able to determine whether they have sufficient distributable reserves to make lawful distributions, but they should not be required to disclose a precise audited distributable profits figure in their financial statements unless there is a clear policy justification for doing so. A proportionate approach, such as a directors' statement or other confirmation, may provide clarity for stakeholders without creating unnecessary cost, complexity or audit challenges.

Financial reporting on entry to the UK regime should similarly rely on existing UK company law and accounting frameworks wherever possible. While first-time adoption requirements provide a useful basis for transition, further clarification is needed on accounting periods that span migration, possible gaps in reporting, and the information required from companies moving from jurisdictions with limited reporting obligations. Clear, proportionate and familiar requirements will support comparability while avoiding unnecessary barriers to re-domiciliation.

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## KEY POINTS

1. ICAEW welcomes the Government's proposal to introduce a corporate re-domiciliation regime, which would help reinforce the UK's position as an attractive jurisdiction in which to locate, grow and invest in a business.
2. Rather than respond to individual questions, we have set out our views on the elements of the consultation of most interest to accountants. This response has been informed by ICAEW's Business Law Committee and Financial Reporting Committee.
3. Overall, we view the proposal as a positive step that would align the UK with comparable jurisdictions and help preserve its competitiveness as a place to do business.
4. We also note that many of the concerns highlighted in our 2022 [Corporate Re-Domiciliation](#) response appear to have been addressed, including the need to analyse the economic benefits, assess evidence of demand and consider appropriate safeguards.
5. The proposal is viewed as deregulatory in nature and sends a positive signal that the UK welcomes international business and investment. Many jurisdictions already permit companies to migrate between countries while retaining legal continuity, and the absence of an equivalent UK regime has placed the UK at a competitive disadvantage.
6. However, further clarification is required in several areas, particularly:
  - a. the treatment and disclosure of distributable profits;
  - b. approval in principle of applications and making the re-domiciliation effective from the date the certificate of re-domiciliation is issued by Companies House;
  - c. the interaction with insolvency law;
  - d. the treatment of accounting periods surrounding migration; and
  - e. reporting requirements for entities migrating from jurisdictions with limited accounting obligations.
7. In developing the regime, the Government should seek to ensure that re-domiciled companies are subject, wherever possible, to the same requirements as comparable UK-incorporated entities. Consistency, simplicity and proportionality will be important factors in ensuring the regime is both effective and attractive to businesses.
8. In practice, businesses frequently undertake international reorganisations for a variety of reasons. While existing mechanisms can often achieve similar outcomes, a re-domiciliation regime may provide a simpler and more attractive alternative in certain circumstances.
9. We therefore expect businesses to consider the option where it is available, although the extent of uptake will depend heavily on the detailed design of the regime. The regime has the potential to materially simplify cross-border restructurings, UK listings, inward investment and private equity migration, but it could also increase advisory activity, legal and tax valuations and wider governance work streams.

## FINANCIAL REPORTING ON ENTRY TO THE UK REGIME

10. Where a company transitions from its previous accounting framework to the UK's accounting framework of either UK-adopted international accounting standards or UK GAAP, existing reporting requirements for first-time adopters provide a well-established framework for transition.
11. However, further consideration is required regarding the treatment of accounting periods that span the re-domiciliation process. In particular, clarification is needed where financial statements have been prepared under a previous GAAP prior to migration and the first reporting period under UK requirements commences at a later date. The consultation paper acknowledges the possibility of gaps in reporting periods, and further technical analysis will be necessary to determine how existing accounting standards apply in such circumstances.
12. Similarly, additional consideration for companies migrating from jurisdictions with limited or no financial reporting requirements would be beneficial. It is currently unclear what financial information would be required on entry to the UK regime, including whether a statement of profit or loss and other comprehensive income would be required, what opening balance sheet information would need to be prepared and the relevant reporting dates for such information.
13. We favour applying existing UK company law requirements as far as possible rather than creating bespoke reporting rules for re-domiciled entities. Consistency with the treatment of UK-incorporated companies would reduce complexity and improve comparability.

## DISTRIBUTABLE PROFITS

14. The treatment of distributable profits is one of the most significant practical issues arising from the proposals.
15. While we believe that companies re-domiciling to the UK need to be able to establish whether they have sufficient distributable profits to be able to make lawful distributions in the future, we do not support companies being required to disclose a precise distributable profits figure within the financial statements.
16. This is particularly important because UK distributable profits rules are generally more restrictive than those in many other jurisdictions. A company that has previously regarded certain reserves as distributable may find that this is no longer the case following migration to the UK. As stated above, we believe the treatment of re-domiciled companies should mirror, as closely as possible, the treatment of UK companies.
17. Consideration must also be given to the extent of disclosure that should be required, with a view to not making re-domiciliation in the UK overly burdensome. We do not think regulations should require a precise, audited distributable profits figure within financial statements. Such a requirement would impose additional costs, create audit challenges and potentially act as a disincentive to use the regime. This would place a greater burden on re-domiciling companies than on existing UK companies, which are not generally required to disclose audited distributable profits figures within their financial statements.
18. We believe the objective should be to ensure that companies can demonstrate the legality of distributions rather than requiring disclosure of an exact distributable profits amount. Directors should be responsible for determining whether sufficient distributable reserves exist, but this need not necessarily require a quantified figure within audited financial statements. Some form of disclosure or confirmation may nevertheless be helpful in providing clarity and protecting stakeholders, particularly during the transition into the UK regime. Alternative approaches, such as a directors' statement regarding distributable profits, warrant consideration.
19. In summary, any requirements relating to distributable profits should be proportionate and should not exceed those applying to comparable UK-incorporated entities unless there is a clear policy justification for doing so.

**APPROVAL IN PRINCIPLE OF APPLICATIONS AND MAKING THE RE-DOMICILIATION EFFECTIVE FROM THE DATE THE CERTIFICATE OF RE-DOMICILIATION IS ISSUED BY COMPANIES HOUSE**

20. We broadly agree with the proposed approach whereby an application would be approved in principle by Companies House, following which the re-domiciliation would become effective upon the issuance of a certificate of re-domiciliation on or after the date proposed by the applicant in its application. We note the Panel's recommendation that the applicant should propose, as part of its application, the date on or after which it wishes the re-domiciliation to take effect, with the ability to update that date. We also agree with the principle that Companies House should not issue a certificate of re-domiciliation before this date.
21. However, we consider that the regime should go further and permit the applicant to specify not merely a date before which a re-domiciliation does not occur, but a precise date and time at which the re-domiciliation is to take effect. The certificate of re-domiciliation issued by Companies House should correspondingly record the specific date and time at which the re-domiciliation is to become effective. The introduction of an "effective as of" notification on the certificate will provide greater clarity and certainty of process, have a meaningful impact on the practicalities of re-domiciliation, and, in so doing, increase the attractiveness of the UK's re-domiciliation regime to companies evaluating its use.
22. A similar approach already exists in the context of other registration arrangements in other countries (eg, merger registration arrangements in the United States), where parties can designate a specific effective time. Permitting applicants to specify a precise effective time for a re-domiciliation would bring the UK regime in line with the most user-friendly international practice.
23. There are myriad practical reasons why the ability to specify a precise date and time may be important to different companies, including:
- a. a re-domiciliation may trigger change of control provisions in regulatory authorisations, licences, or contracts. Where the applicant or members of its group hold permissions or authorisations from financial services regulators or other bodies, the ability to co-ordinate the precise moment of re-domiciliation with the relevant regulatory processes can be essential.
  - b. specifying a precise date and time is helpful for accounting period alignment. The re-domiciliation date is significant for determining the company's accounting reference date and accounting reference period under the Companies Act 2006. It also has consequences for the preparation of financial statements and the point at which the company becomes subject to UK GAAP or UK-adopted international accounting standards.
24. Companies House's operational processes should facilitate the specification on the face of the certificate uploaded to the company's register of a precise date and time for the taking effect of re-domiciliation. We recognise that Companies House does not currently guarantee that it will take a particular action on a particular date, and this change would help provide certainty and clarity in advance to interested parties as to the date a re-domiciliation becomes effective (absent withdrawal of the certificate in advance). Provided all requirements have been met and approval in principle has been given, the applicant can have confidence that the certificate will be issued, and also as to the agreed date and time it will become effective.

## **INSOLVENCY AND LEGAL FRAMEWORK CONSIDERATIONS**

25. Additional consideration is required in relation to insolvency law and related legal consequences of corporate migration. We would like greater clarity regarding how the UK insolvency framework would apply following re-domiciliation and whether any transitional provisions may be necessary as the regime is introduced.

## **EXPECTED UPTAKE**

26. We recognise that re-domiciliation may occur only in certain situations, depending on individual facts and circumstances. However, once available and known about, we believe it will become an option that is seriously considered by businesses. While previous consultation documents have suggested that modest numbers may choose to re-domicile, we expect that the number of companies taking advantage of the regime is likely to increase. The ability to move a company's place of domicile could support investment and economic growth, as well as increase UK tax revenues. We therefore support the necessary time and effort being invested to make the regime a reality.

27. We would also welcome clarity as to how easy it would be, in practice, for a company to relinquish its original domicile, and therefore whether there could be a risk of being caught by two regimes.

## **TAX CONSIDERATIONS**

28. We would welcome further consultation with the government on the tax implications of re-domiciliation to the UK. As far as possible, we would like to see companies migrating to the UK experiencing the same tax treatment as those originally incorporated in the UK. Consideration will need to be given in particular to any transitional issues that may arise.

## **INITIAL ACCOUNTING PERIODS**

29. We encourage the government to clarify how initial accounting periods would operate following re-domiciliation. Under the existing Companies Act framework, an initial accounting period can be between six and eighteen months, with mechanisms available to shorten the period where appropriate. As noted above, we believe that re-domiciled companies should, as far as possible, be subject to the same framework as other UK companies. Creating special rules for re-domiciled entities would add unnecessary complexity and could undermine one of the regime's principal benefits: simplicity and consistency.